



2022 Integrated Annual Report



Together we are

We are in deep sorrow and heartbreak due to the earthquake disasters in February 2023, in which we suffered immense losses as a country.

We wish God's mercy to our valuable colleagues, elders and all our citizens we lost, and we extend our condolences to their relatives and our nation.

We are Together, You are not Alone...



KEMAL ATEŞ
Islahiye-Gaziantep Branch
Retiree



NURTOP KUSEYRİOĞLU
Antakya-Hatay Branch
Retiree



MURAT BURU
Antakya-Hatay Branch



BETÜL YILDIZ ORÇAN
Küçük Sanayi Sitesi- Kahramanmaraş Branch



MEHMET ÇALIM
Antakya-Hatay Branch



İHSAN PİDECİOĞLU
Küçük Sanayi Sitesi- Kahramanmaraş Branch



ÇİĞDEM DEMİREL
Islahiye-Gaziantep Branch



MEHMET ULU
Çukurova Regional Directorate
Retiree



NURAN DOĞRUCAN
Samsun Branch
Retiree



MÜJDAT UMU
Kahramanmaraş Branch
Retiree



NADİR DÜNDAR
Kahramanmaraş
Retiree



NURAY UYSAL
Kahramanmaraş Branch



LATİF KIRAC
Kahramanmaraş Branch
Retiree



MAHİR YİĞİTOKUR
Çukurova Regional Directorate
Retiree

You are in our hearts...

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Introduction

Preparing to celebrate its 100th anniversary in 2024, İşbank has adopted the principle of providing continued support to the country's economy and generating solutions to social problems since the day it was founded. In the 2022 Integrated Annual Report, making its stakeholders feel that they are part of a big family by utilizing all its means in all kinds of difficulties, İşbank has presented to all its stakeholders what type of value it creates for our country with the slogan **"Together we are"**.

İşbank 2022 Integrated Annual Report summarizes the value created by the Bank for its stakeholders in four main sections.

"How Do We Create Value?"

section explains İşbank's value creation process through İşbank Banking, which manifests the Bank's integrated sustainability approach. This section includes the sustainability priorities revised with the "double materiality" approach in 2022, sustainability initiatives supported, communication with stakeholders, and contribution to the United Nations Sustainable Development Goals.

"Reliable Financial Actor"

section presents the role that İşbank plays as a financial organization for an inclusive and robust economy. This section includes İşbank's goals for a sustainable financial performance, the customer experience that İşbank considers while presenting its products and services, and its performance in inclusion, financial literacy, and raising savings awareness. İşbank's roles and goals in climate action and the Bank's digitalization journey are also reported under this heading.

"Responsible Operations"

section sets out the projects and practices developed by İşbank to minimize the negative environmental impacts of its operations and spread the working standards it has adopted throughout the supply chain. The section also reports on İşbank's employer approach, working life practices, and how İşbank employees are prepared for the future of business.

"Good Corporate Citizen"

section summarizes the Bank's corporate governance structure, ethical and principled banking approach, effective risk management for short and long-term threats, and management principles and performance. The "Social Investments" section summarizes İşbank's vision of social responsibility and social welfare projects realized with this vision.

Various voluntary and compulsory performance disclosures to which İşbank is subject are included in the **"ANNEXES"** section.

Although 2022 was a challenging year for both our country and the global economy, İşbank completed this turbulent period with successful results. The Bank shall continue to observe the economic, social, and environmental dimensions of its actions together and take responsibility for the country's economy as a reliable institution.

About the Report

İşbank's 2022 Integrated Annual Report has been prepared to demonstrate the Bank's performance in line with its strategies and the value created for its stakeholders.

Structure and content of the report

The second integrated annual report of İşbank provides up-to-date information about the Bank's efforts undertaken within its approach focusing on creating sustainable and shareable value by considering financial and non-financial capital elements as a whole. The 2022 Integrated Annual Report includes İşbank's 2022 performance in line with its strategies, the value created for all its stakeholders with this performance, and the risks and opportunities it faced in the value creation process.

Period and scope of the report

İşbank 2022 Integrated Annual Report presents the Bank's performance for the period between January 1st, 2022 and December 31st, 2022. The Integrated Annual Report, which includes consolidated and unconsolidated financial statements and independent audit reports, comprises İşbank's activities in Türkiye and abroad. The activities of the Bank's subsidiaries are excluded from the scope of reporting. However, a brief summary of subsidiary performance is included in the report. [See İşbank's Subsidiaries](#)

Compliance and legislation

İşbank, the shares of which are publicly traded on the Istanbul Stock Exchange, ensures that the Bank's 2022 Integrated Annual Report is in compliance with the minimum requirements of the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Board (CMB) on annual reporting.

The İşbank Integrated Annual Report has been prepared in compliance with the Integrated Reporting Framework (<IR> Framework) of the International Integrated Reporting Council (IIRC) and GRI Universal Standards 2021 published by the Global Reporting Initiative (GRI).

[See GRI Standards Content Index](#)

While creating the report;

- The Provisional Standard for Commercial Banks Guide released by the Sustainability Accounting Standards Board - SASB,
- United Nations Environment Program Finance Initiative (UNEP FI) Principles of Responsible Banking guideline (PRB),
- Carbon Disclosure Project's (CDP) Climate Change and Water Security Programs guidelines,
- World Economic Forum (WEF) Stakeholder Capitalism Metrics,
- Bloomberg Gender Equality Index Indicators and
- Task Force on Climate-related Financial Disclosures (TCFD)'s recommendations were utilized in developing the content.

The report also includes İşbank's contribution to the United Nations Sustainable Development Goals.

[See Contribution to Sustainable Development Goals](#)

İşbank, a signatory of the United Nations Women's Empowerment Principles (UN WEPs), has prepared a more detailed performance summary on gender equality.

[See Women's Empowerment Principles Progress Statement](#)

Audit

The financial statements included in İşbank's 2022 Integrated Activity Report have been audited by Güney Bağımsız Denetim ve SMMM A.Ş. [See Compliance Opinion](#)

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. has provided limited assurance on selected non-financial information. [See Independent Assurance Report](#)

İşbank's Environmental Management System has been audited within the scope of ISO 14001: 2015 standard under DAKKS accreditation by TÜV SÜD.

Senior management responsibility statement

In the opinion of İşbank's top management, this report includes all the subjects in terms of value creation for the Bank's stakeholders while presenting a holistic evaluation of the Bank's financial and non-financial performance for the period between January 1st, 2022 and December 31st, 2022, and its plans for the future.

The statement of responsibility regarding this report has been prepared as per the relevant legislation and presented on the KAP platform. The statement can be found on the Bank's [corporate website](#).

Contact

The integrated annual report, which we aim to make accessible to all our stakeholders, can be accessed via the Public Disclosure Platform (KAP) and on www.isbank.com.tr.

Please send your opinions and suggestions on the report to sustainability@isbank.com.tr.

Report's Navigation

The [✔](#) mark represents the non-financial data that passed the independent audit. [✔](#) symbolizes completed projects, [⚙](#) symbolizes ongoing projects. You can go back to the "Table of Contents" page of the report with the [☰](#) symbol. The [🌐](#) symbol refers to information on the website, while the [📄](#) symbol refers to information in another section of the report.

İşbank's annual report set



Integrated Annual Report: This report summarizes İşbank's performance, strategies and targets, and financial and non-financial components from an integrated perspective.



Capital Markets Board – Sustainability Principle Compliance Framework: This report summarizes İşbank's sustainability strategy, management structure, performance and targets within the scope of CMB requirements.

Capital Markets Board – Corporate Governance Compliance Report: This report shows that İşbank conducts its operations in compliance with the compulsory principles of the Corporate Governance Communiqué published by the Capital Markets Board.



Carbon Disclosure Project (CDP) Climate Change Program Report:

This report summarizes İşbank's targets and strategies developed for climate action and its annual performance within the framework of CDP Climate Change Reporting indicators.

Carbon Disclosure Project (CDP) Water Security Program Report:

This report summarizes İşbank's water risks, its targets and strategies in this area, and its annual performance within the framework of CDP Water Security Reporting indicators.



UNEP-FI Principles for Responsible Banking

Report: This report presents the impact assessment of İşbank's portfolio within the scope of the Principles for Responsible Banking, of which İşbank is a signatory.



UN Global Compact – Communication on Progress Report (CoP): This is the report in which İşbank transparently shares its commitment to the 10 principles of the United Nations Global Compact and its social and environmental performance.

All annual reports published by İşbank are available at www.isbank.com.tr or by contacting the Investor Relations and Sustainability Division.

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Corporate Profile

İşbank is a leading financial institution in its sector, operating for 98 years in line with its vision of developing innovative products, services and applications that meet the banking expectations of the future with its strong financial structure.

As of the end of 2022, with its 23,309 employees providing services to 22.8 million customers, İşbank is the largest private bank in Türkiye, with a total asset size of TL 1,408.3 billion. İşbank is amongst the most highly respected institutions of the banking sector with its products and services in corporate, commercial, SME, retail and private banking.

İşbank provides services to its customers with 59 Regional Directorates and 1,110 branches in Türkiye, in addition to the Head Office in İstanbul, Tuzla Technology and Operations Center (TUTOM), Tuzla Atlas Data Center, and Ankara Operations Center (ATOM).

Providing services through its branches and digital channels developed as a result of huge investments, İşbank continues to create value for its stakeholders through our Internet Branch, İşCep (the mobile app), Call Center, 6,169 ATMs, and 611,429 POS devices (including online POS) in Türkiye, TRNC, and abroad.

İşbank operates its cross-border banking activities with 2 branches in Iraq, 2 branches in Kosovo, 2 branches in England, 1 branch in Bahrain and 14 branches in Northern Cyprus as of the end of 2022. The Bank has 2 representative offices, one in Shanghai (China) and one in Cairo (Egypt). İşbank operates its banking activities via its subsidiaries in Germany, Russia, and Georgia.

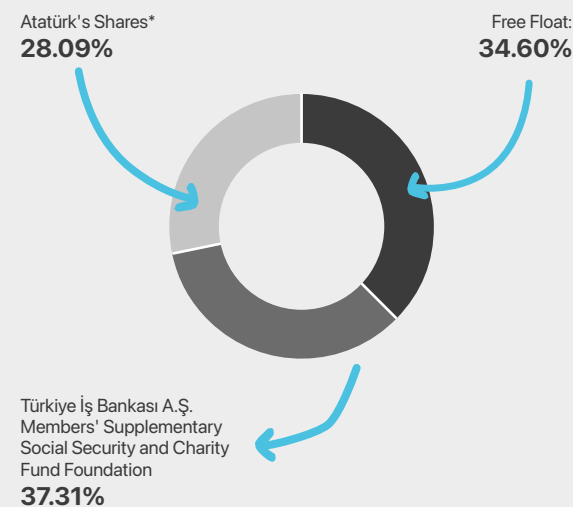
İşbank Group is an integrated organization with domestic and international subsidiaries operating in many fields. As of the end of 2022, İşbank has direct and indirect subsidiaries with 136 companies. The number of companies controlled directly or indirectly by the Bank is 113.

See İşbank's Subsidiaries

You can find the history of İşbank [here](#).

See Amendments to the Articles of Incorporation

İşbank's Shareholding Structure**



* These shares belong to Atatürk and are represented by the Republican People's Party in accordance with Atatürk's will. Since the dividend income of these shares was left to the Turkish Language Association and Turkish Historical Society in accordance with Atatürk's will, dividend payments are made to the aforementioned institutions within the framework of the will and legal legislation.

**The shareholding structure has been included as of 31.12.2022. (31.12.2021: Foundation: 37.26%, Atatürk's Shares: 28.09%, Free Float: 34.65%).

22.8 MILLION

Customers

23,309

Employees

TL 1,408.3 BILLION

The largest private bank in Türkiye with its total asset size



Our Vision, Values, Strategic Goals and Strategy



Our Vision

Becoming the bank of the future, creating sustainable value with an inclusive and participatory approach



Our Values

Innovation, Solidarity, Common Sense, Reliability, Sincerity, Transparency guided by the principles of "Intelligence, diligence, integrity, technical and methodical work"



Our Strategy

Managing our balance sheet to ensure sustainable and value added growth while using our internal and external resources in accordance with the priorities of the country's economy and getting prepared for the future by continuously improving our business model in synergy with our group companies and all our business partners in the period of technological transformation.

Our Strategic Goals

Commitment to our country • Strong and sustainable financial performance • Effective risk management • Flawless customer experience • Value creating technology and innovation leadership • Happy and productive human resources • Ethical and responsible banking, compassionate towards people, society and environment

Why İşbank? Highlights in 2022



52.0%
increase

TL 1,408.3 billion
Asset Size



53.9%
increase

TL 759.3 billion
Cash Loans



56.3%
increase

TL 931.1 billion
Deposits



120.4%
increase

TL 191.4 billion
Shareholders' Equity



48.4%
increase

TL 423.4 billion
Demand Deposits

**LEADER AMONG
PRIVATE BANKS**

TL 61.5 billion
Net profit

TL 127.7 billion
Market value

TL 6.15
Profit per share

22.8 million ✓
customers

1,110 domestic,
21 foreign branches

6,169
Bankamatik ATMs, the largest
ATM network among private
banks

13 million ✓
digital banking customers

25.4 million
users served by Bankamatik
ATMs, including customers of
other banks

97.09%
ratio of Local Suppliers

2.8 million
Maximum Mobile users

73.2%
share of İşCep in transactions
conducted through all
channels

11.9 million
İşCep users

96.2%
ratio of transactions out of total
transactions made through
non-branch channels at İşbank

4,371 million
customers interacted with İşCep
Expenditures area

2.7 million
social media followers

27,994 person*hours ✓
sustainability training provided to
employees

30,000
chess classes opened
in schools in total

55% ✓
ratio of female employees

42.6% ✓
ratio of women in management

9%
ratio of female and male salary gap
(according to female/male median
values)

1.90% ✓
employee turnover rate

43 ✓ hours
average training time
per employee

97.5% ✓
unionization rate

99.7% ✓
ratio of return from
maternity leave

75%
renewable energy projects/
Energy generation portfolio

TL 2.3 billion
sustainable investment fund

98.1 million MWh
the amount of clean energy
generated through the projects
financed by İşbank in the last
3 years

Commitment to
phase-out coal and
natural gas

First Turkish Bank that
does not finance gold
mining activities using
cyanide

30% Club membership

International commitment
to transition to a carbon-
neutral economy: **Net-Zero
Banking Alliance (NZBA)**

Diversity Policy under the
ownership of **Board of
Directors**

Listed in the Bloomberg
Gender Equality Index

CDP Climate Change
Report Score **"A-"**

CDP Water Security Report
Score **"B"**

Sustainalytics ESG Risk
Rating **18.6** Low Risk

İşbank is in the **BIST
Sustainability 25 Index**

Ranked **4th among** 1,097
global banks in Refinitiv
reporting by the end of
2022

**One of the two
companies in Türkiye**
Participating in the UN
Global Compact "CoP -
Early Adopters Program"

İşbank from 1924 to Today



1920s-1930s

İşbank, the first national bank of the Republican era, was established on August 26, 1924, in line with the decisions taken at the İzmir First Economics Congress with Atatürk's directives.

Beginning to expand into a country-wide branch network upon its foundation, İşbank was the first Turkish bank to establish branches abroad, with the first international branches opened in Hamburg, Germany and Alexandria, Egypt in 1932.

1960s-1970s

In the 1960s and 1970s, İşbank focused on extending its branch network.



1990s

İşbank further solidified its position as the sector's pioneer in alternative distribution channels when it launched "Mavi Hat (Blue Line)" in 1991 and the first online banking branch in 1997.



1950s

The Bank developed its portfolio of subsidiaries. As the Bank's subsidiaries became the driving force of Turkish industry, the Bank invested in and financed a number of industries, with a focus on manufacturing.



1980s

In the 1980s, İşbank increased the number of its overseas branches. At İşbank, the 1980s were characterized by the growing importance of multichannel banking, and the Bank started offering an even broader range of products to its customers.

In 1982, İşbank introduced the first ATMs to Türkiye, and its ATMs named "Bankamatik" became a brand.

2010s

Initiating the customer-centered Digital Transformation Program with the vision of becoming "Türkiye's Best Digital Bank", İşbank founded MaxiTech, its subsidiary, in Silicon Valley, the USA in 2016 to support digital transformation.



The "Workup by İşbank" Entrepreneurship Program was initiated in order to support high potential and technology-focused initiatives (Startups). By committing to invest in the Maxis Innovative Venture Capital Fund established within the İşbank Group, the Bank started to invest in technology-focused startup ventures. In addition, the "Innovation Committee" was established at İşbank in order to extend the innovation culture and ensure the continuation of innovation processes.

In 2018, İşbank continued to consolidate its leadership in digital banking by integrating the personal assistant application Maxi into the service platform, which quickly achieved a record number of customer contacts.



İşbank advanced one step further in the innovation universe with the opening of the Shanghai Innovation Center.

With TekCep service, Türkiye's first open banking app, the Bank offered an opportunity to track account activity at different banks via İşCep.



2000s

Maintaining strong and stable growth, İşbank relocated the Bank's headquarters from Ankara to Istanbul in 2000.

In 2006, İşbank initiated the Customer-Oriented Transformation Project and aimed at restructuring a customer-focused approach in line with its strategic goals. As a result, the Bank successfully completed many projects, which was referred to as a structural revolution.

In light of rapid advances in technology, İşbank continued to improve the innovative multichannel banking network, allowing customers to utilize the most suitable channel to perform all banking transactions conveniently, quickly and reliably on a 24/7 basis.



2020s

In this extraordinary period under COVID-19 pandemic conditions, İşbank demonstrated its support to households and companies through special product and service applications.



The Bank maintained funding from international markets and further increased its support to the Turkish economy. Agriculture-focused activities gained momentum.



İşbank joined the United Nations Net-Zero Banking Alliance (NZBA) and committed internationally to increase its support for the transition to a carbon neutral economy.

In line with its vision of being the bank of entrepreneurship and entrepreneurs, the Bank launched entrepreneurship branches, the first startup-focused branch service model in Türkiye.

İşbank played an active role in the establishment of the Arya Venture Capital Fund, which aims to invest in gender-balanced startups and the FounderOne Venture Capital Fund, which aims to invest in startup impact initiatives and joined the Funds by making an investment commitment.

Nays, a mobile finance application that enables users to perform their daily financial transactions with an easy and enjoyable experience and constantly rewards them, was launched.



Message from the Chairperson

Esteemed Stakeholders,

We started 2023 with great sorrow due to the earthquakes that shook our country deeply. As a nation, we feel the deep pain of losing our citizens in the successive disasters that affected a vast area. Unfortunately, our six colleagues working in branches in the region lost their lives in this tragic disaster. In this period when our greatest wish is to quickly heal our wounds, we, as the İşbank Group, have utilized our means and unveiled a strong aid package to provide comprehensive assistance to all those impacted by the disasters.. I would like to take this opportunity to once again share my wishes for the recovery of our country, wish Allah's mercy on our citizens who lost their lives, and express my condolences to their relatives and our nation.

In 2022, the risks and uncertainties caused by the Russia-Ukraine war on the world economy, especially on European countries, were at the top of the agenda. While the disruptions in supply chains for basic needs such as energy and food due to the war increased global inflationary pressures, major central banks took steps to tighten their monetary policies faster than expected to combat inflation. These steps led to a loss of momentum in economic activity in the last months of the year, causing global recession concerns to be expressed. In addition, as the global risk appetite decreased in 2022, portfolio investments in emerging economies followed a fluctuating course during the year.

In 2022, Turkish economy grew by 5.6% on an annual basis with the strong contribution of consumption expenditures and moderate contributions of exports and investments. On the other hand, the rise in global commodity prices, particularly energy, caused the current account deficit to widen despite the rapid recovery in tourism revenues and inflationary pressures to increase. Annual CPI inflation hit its highest level of the last 24 years in October and then started to decline due to the high base effect.

The Turkish banking sector maintained its strong outlook and continued to support economic activity despite the rising volatility in financial markets.

Despite the global economic turmoil and the challenging economic conjuncture, as İşbank, we completed 2022 achieving successful results and reaching our targets. The most important component of our solid financial performance is our long-term perspective, in which we consider both financial and non-financial capital elements together. As we prepare to celebrate our 100th anniversary in 2024, we work with the responsibility of being a reliable companion for all our stakeholders.

We are an organization that has integrated sustainability into all processes, turned it into a corporate culture, and performed at international standards in this field. We continue to operate with an integrated sustainability approach at every stage, from product development to recruitment and promotion, from audit to social responsibility initiatives and procurement processes. We evaluate the social, environmental, and economic impacts of all our projects together and make solid cost and benefit calculations.

As a result of the performance achieved with this holistic perspective, our Bank continued to gain the appreciation of various domestic and international organizations in 2022 as well. We were honored with the "Bank of the Year in Türkiye" award by The Banker Magazine published by "The Financial Times," one of the world's leading financial and economic media. Our strong financial performance, as well as our constant innovative service approach focused on creating value for customers in the field of digitalization and innovation, and the initiatives we undertake for society were effective in winning this award. We were also named the best digital bank in Central and Eastern Europe by Euromoney, one of the most prestigious publications in the field of global finance and banking.

In 2022, we fulfilled our commitments in the field of sustainability and added new ones to our existing commitments. We committed internationally to support the transition to a carbon neutral economy by becoming a member of the Net-Zero Banking Alliance (NZBA), established by the United Nations to ensure that member banks align their portfolios with net-zero emission targets in line with the Paris Climate Agreement by 2050.

For 98 years, İşbank has been an institution that fulfills its social responsibilities without interruption, regardless of economic and social conditions. In 2022, we signed an important collaboration and became the official supporter of the Turkish National Olympic Committee for the 2024 Paris Olympics. With this collaboration, we aim to provide young people with more opportunities to prepare for the Olympics, as well as to give children the habit of sports, to introduce children to Olympic values at an early age, to have more young people represent our country at the Olympics, and to increase our achievements. We are very happy to support this important organization, which coincides with the 100th anniversary of our Bank and aims to be climate positive and contribute to gender equality. We believe that together we will achieve successes that will make us all proud and happy.

In 2022, we sponsored the Marmara Sea Symposium to become part of the solution to marine pollution, one of the most significant environmental issues in our country. At the Marmara Sea Symposium organized by the Turkish

The 100th anniversary of the Republic means more than this for İşbank. It is an institution that meets on the common ground of independence with our Republic and that will experience the enthusiasm of its 100th anniversary one year apart.

Adnan Bali Chairperson



Marine Research Foundation (TÜDAV), topics such as mucilage, pollution, biodiversity, fisheries, earthquakes, the Turkish Straits, and maritime transport were discussed comprehensively by experts from different disciplines, and solutions were presented.

Another of our prominent initiatives in the field of environment is the "Deniz Kâşifi (Sea Explorer)" project. In cooperation with the Middle East Technical University (METU) Institute of Marine Sciences to support scientific and academic studies on life in the seas, a specially produced unmanned underwater glider device called "Deniz Kâşifi", was provided to and will be used for the first time in Türkiye by the Institute of Marine Sciences at METU. The device, which will support scientific and academic studies on marine pollution in Türkiye, will enable scientific and academic studies on the seas to be carried out more efficiently and on a larger scale.

We extended our cooperation with the Turkish Chess Federation (TSF), which we have been supporting as the main sponsor since 2005, for another 5 years in order to introduce chess to more children in our country and to make chess widespread and easily accessible. Under the Bank's sponsorship, chess has become the sport with the highest number of licensed players in the country. As a result of our partnership, which started 17 years ago, in addition to achieving countless international achievements, hundreds of thousands of our children and young people were introduced to chess and brand new worlds were created by reaching disadvantaged groups. In the upcoming days, in addition to the chess classes opened in primary and secondary schools across Türkiye, by including the preschool program within the scope, we aim to introduce chess to our children starting their education life.

Esteemed stakeholders,

In 2023, our Republic, which was founded by Gazi Mustafa Kemal Atatürk and his fellow fighters by rising from the ashes of a nation struggling for existence, will be a century-old sycamore. The 100th anniversary of the Republic means more than this for İşbank. It is an institution that meets on the common ground of independence with our Republic and that will experience the enthusiasm of its 100th anniversary one year apart.

İşbank and its subsidiaries are a large community that supports Türkiye's sustainable growth and development with the products and services they offer for export and production as well as the employment they create. Our Bank supports the real sector and households with its nationwide service network and digital contact points. In our second century, our Bank will continue to use its resources for Türkiye with determination.

İşbank will continue to be a reliable companion for its customers, business partners, and all stakeholders in a period when the global economy becomes more fragile and complex, income inequality is increasing day by day, and the negative impacts of climate change and loss of biodiversity are being felt more and more. Our Bank will continue to support the real economy and households by bringing the strength it derives from its deep-rooted history and principles together with up-to-date technologies. On behalf of the Board of Directors, I would like to thank all our stakeholders, especially İşbank employees, who are the architects of our success with their efforts.

Yours sincerely,

Message from the CEO

Esteemed Stakeholders,

Following the Kahramanmaraş-centred earthquake disasters that devastatingly affected many surrounding provinces, we are living through very difficult times in which we are deeply shaken up as a country and put to the test with human life. I believe that we can overcome these difficult days of great pain only by joining hands together, and I would like to take this opportunity to once again express my condolences and best wishes for our nation. The solidarity we have shown since the first day, and every helping hand we extended to those struggling to survive, gladden our hearts to some extent. As İşbank, we shoulder the responsibility for our country today, as in the past, and we are helping to heal the wounds with a very comprehensive aid package. I believe that united together, we will overcome these difficult days that our country is going through after the earthquakes as soon as possible.

The year 2022 was marked by an increase in global commodity prices, especially energy, and consequently rising inflation worldwide, with the impact of the tension between Russia and Ukraine. The world economy, which recovered rapidly after the pandemic in 2021, grew at a slower pace than anticipated throughout the year as the tension between the two countries turned into a hot conflict in February 2022. International organizations revised their global growth forecasts downwards and inflation expectations upwards during the year. According to IMF data, the slowdown trend in the world economy, which is estimated to have ended 2022 with a growth rate of 3.4%, is predicted to continue in 2023 due to the tightening steps taken by major central banks to fight inflation.

In 2022, the Turkish economy continued to grow, albeit losing momentum compared to the previous year, thanks to strong domestic demand and moderate contributions from net exports and investments. In this period, global inflationary pressures, as well as the lagged impacts of the depreciation in the Turkish lira, caused inflation to remain high. Despite the strong performance in tourism revenues, the widening in the foreign trade deficit in parallel with rising commodity prices on a global scale led to a rapid increase in the current account deficit. On the other hand, the robust course of economic activity and the high inflationary environment led budget revenues, particularly tax revenues, to increase sharply, keeping the budget deficit below the year-end target.

In 2022, when risk perception followed a volatile course, the Turkish banking sector continued to support economic activity by successfully managing risks with its robust financial structure. Having the pioneer position in the sector, İşbank consolidated its position in the sector by realizing a performance that significantly exceeded its targets in 2022, when uncertainty was at the forefront. In 2022, our asset size reached TL 1,408.3 billion with an increase of 52.0% compared to the previous year; the cash loans we extended in the same period increased to TL 759.3 billion and non-cash loans to TL 246.7 billion, and our total contribution to the economy was TL 1 trillion in the same period. While leaving behind a successful year, in addition to the soundness of our financial structure, we addressed digitalization, sustainability, competent human resources, customer experience, and subsidiary strategy as a whole with an integrated perspective.

Together to Our 100th Anniversary

In 2023, our Republic, founded by the Great Leader Mustafa Kemal Atatürk, will turn 100 years old. One year later, İşbank will celebrate the 100th anniversary of its foundation. We continue

to create value for all our stakeholders in line with our vision of "becoming the bank of the future, creating sustainable value with an inclusive and participatory approach". We have set the theme of our Integrated Annual Report for 2022 as "Together to our 100th anniversary," in which we aim to transparently explain how we created value from our activities as well as our goals for the future. Accordingly, we will continue to support the national economy by resolutely implementing a healthy growth strategy with the support of our robust financial structure and quality service delivery. We are building the bank of the future with our business model, organization and branch structure, service approach, the competence of our employees, and our technological infrastructure.

Corporate Commitments for Sustainability

In 2022, our efforts to fight climate change, which is one of the leading global problems, have continued at an accelerated pace. We added a new one to our international commitments in this area, and as a signatory of the Net-Zero Banking Alliance established by the United Nations, we committed to aligning our loan portfolio with net-zero emission targets on a scientific basis by 2050 in line with the Paris Climate Agreement. In order to reach net-zero targets, we also added to our goals to support our customers' transition processes to a net-zero economy by focusing our 2030 targets on carbon-intensive sectors and to report and publish our progress in emission targets on an annual basis. Joining the Net-Zero Banking Alliance will further increase our effectiveness in fighting climate change.

We evaluate climate change topics not only in terms of reduction and adaptation but also in terms of the opportunities created for green transformation. In this regard, our Bank continues its efforts to offer its customers both product and service packages, as well as to provide consultancy. Until 2026, we are committed to contributing to the green transformation of the economy by providing sustainable financing amounting to TL 300 billion.

We support women's participation in business life and continue to offer the necessary financial and non-financial solutions to women entrepreneurs, who are an important dynamic in sustaining economic and social development. Starting from 2023, we are committed to providing financing support of TL 100 billion to our women entrepreneurs within 5 years. In 2022, we launched a new project called WeLead (Leading Women Entrepreneurship for Accelerating Development) in cooperation with TÜRKONFED and with the support of UN Women to improve the capacities of women entrepreneurs and strengthen their communication networks. Within the project, our efforts to provide training support to entrepreneurial women will continue regardless of sector and scale in 2023 as well. As an indication of the importance our Bank attaches to gender equality, we became a member of the 30% Club, a cooperation in which the chairpersons of the board of directors and general managers aim to improve the gender balance at all levels of their organizations and to increase the ratio of women in the boards and senior management to 30%.

In the field of agriculture, we support sustainability in agriculture with digital solutions to create a positive impact on food safety and resource efficiency. In line with our Bank's targets within the framework of the effective use of agriculture, finance, and technology together, and the theme of sustainability, we established the Agricultural Banking Advisory Board, which is comprised of experts who have made a difference in agriculture and related fields, under the leadership of our Bank. To share our perspective on agricultural banking with farmers and to establish more effective communication with them, we launched agriculture specialized branches. We held the first Imece Workshops, which

Preparing to celebrate its 100th anniversary, as an institution with deep-rooted corporate values and always looking out for the interests of its country, our Bank has turned its compass towards the principle of sustainable profit for all in these turbulent times.

Hakan Aran Chief Executive Officer



aim to bring together different stakeholders of the ecosystem under agriculture-specific topics and develop solutions together to the problems identified, with the theme of "Water" in October 2022 and the second one in December with the theme of "Wheat". In 2022, we continued to increase the financial and digital literacy of our farmers and support their agricultural activities with our mobile application İmeceMobil, which has become a platform specific to the agricultural sector.

Bank of the Future

As part of our efforts to build the Bank of the Future, we continue to invest in technology, digitalize our processes, and offer our customers easy, fast, and secure experiences. With this approach, the number of İşCep users exceeded 11.9 million, and the rate of digital transactions exceeded 96 percent. We launched Nays in 2022 in order to meet the daily financial needs of the young population with high financial technology adaptation and a variety of experience expectations, all while providing a simple and easy experience. Offering advantageous shopping and money transfers, Nays reached more than 1 million users in a short time.

Within our strategy to design the bank of the future and corresponding customer experience, we launched İş Mekan, a Next-Generation Customer Contact Point, with the aim of reaching our customers, who we contact digitally, in the physical world as well and offering multiple value propositions by meeting their needs more holistically without limiting them to banking processes.

Support for Entrepreneurship

Our Bank, which has supported entrepreneurs since the first years of its establishment, maintains its effectiveness in the entrepreneurial or entrepreneurship ecosystem with a broad perspective.

In 2022, we collaborated with the Vehbi Koç Foundation for initiatives that focus on a more livable world. Within this scope, we launched the "Impact Entrepreneurship Program" for initiatives that act with the vision of creating a new world by scaling social and environmental impact with technology. The 9th term startups of the Workup Entrepreneurship Program, of which we are the main supporter and which has been continuing uninterruptedly for 5 years, and the 1st term startups of the Workup Agri Entrepreneurship Program, which was launched in 2021 under the roof of Workup, graduated in 2022. To date, 35 Workup startups

have made a significant contribution to the national economy by receiving an investment of approximately USD 12 million during or after the program. Also, in the coming period, we aim to deepen the Workup parent brand by focusing on different verticals.

In 2022, we also opened our second Entrepreneurship Branch in Izmir in cooperation with İzQ. Our branch, which differs from traditional banking activities, was designed to serve entrepreneurs and ecosystem stakeholders.

As a Bank that believes in a collective working culture and shared wisdom and internalizes these values, we always act with a "people first" approach. We strive to implement the most up-to-date practices in order to keep going as an institution where employees can realize their potential and are proud to work.

To this end, in 2022, we continued with projects related to working life as well. We have made progress in agile areas, which are important transformation areas. We continued our investments to implement next-generation working models, which have become widespread especially after the pandemic, and we made the hybrid working model open to all our employees.

In 2022, with the widespread use of remote working in corporate life, our employees started to serve free from a location in Maxiofis environments, and the aim is to enhance Maxiofis working environments.

Esteemed Stakeholders,

In the face of fluctuations in the global economy, the impacts of the climate crisis, and increasing social and economic inequalities, İşbank is positioned as an inclusive business partner. Preparing to celebrate its 100th anniversary, as an institution with deep-rooted corporate values and always looking out for the interests of its country, our Bank has turned its compass towards the principle of sustainable gain for all in these turbulent times. Undoubtedly, the Bank will continue its activities in light of the founding values of our country with the support of all parties that trust it. I would like to extend my gratitude to all our stakeholders who have provided full support for us on this steadfast journey and to all İşbank employees who have always worked with great dedication.

Yours sincerely,

Looking Into the Future

Operating Environment: General Evaluations

Global Economy

In 2022, the uncertainty caused by the Russia-Ukraine war, as well as the commercial and financial sanctions imposed on Russia, have been the main risk factors for the world economy, especially for European economies. Therefore, while the disruptions in supply chains for basic needs such as energy and food increased global inflationary pressures, the rapid tightening of monetary policies worldwide caused economic activity to lose momentum. In such an environment where global recession concerns increased, international organizations revised their growth forecasts for the world economy downwards and inflation forecasts upwards during the year. According to IMF data, the global economy, which displayed a rapid recovery of 6.2% in 2021, is predicted to have completed 2022 with a growth rate of 3.4%, and the slowdown trend in the global economy is expected to continue in 2023 as well.

Despite the slowdown in economic activity, central banks in advanced economies continued to take strong tightening steps to fight high inflation, leading to a decline in the risk appetite for emerging economies. Accordingly, portfolio investments in emerging economies followed a fluctuating course during the year.

IMF Forecasts (January 2023)	2022	2023	2024
Growth			
World	3.4	2.9	3.1
Advanced Economies	2.7	1.2	1.4
USA	2.0	1.4	1.0
Euro Area	3.5	0.7	1.6
UK	4.1	-0.6	0.9
Japan	1.4	1.8	0.9
Emerging Economies	3.9	4.0	4.2
Türkiye	5.5	3.0	3.0
Russia	-2.2	0.3	2.1
China	3.0	5.2	4.5
Brazil	3.1	1.2	1.5
Inflation	8.8	6.6	4.3
Advanced	7.3	4.6	2.6
Emerging	9.9	8.1	5.5
Increase in World Trade Volume	5.4	2.4	3.4

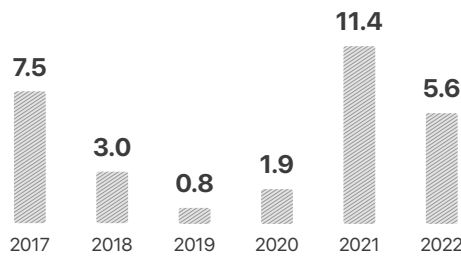
Turkish Economy

After a strong performance in the first half of the year, the Turkish economy grew by 5.6% in 2022, with a marked deceleration in the second half. In 2022, tax revenues increased rapidly due to the buoyant course of economic activity, especially in the first half of the year, as well as the high course of inflation throughout the year, supporting budget revenues, while budget expenditures increased more moderately compared to revenues. Accordingly, the budget deficit in 2022 stood at TL 139.1 billion, well below the budget target set at the end of 2021 and the MTP forecast announced in September 2022.

In 2022, despite the rapid recovery in transport and tourism revenues, the current account deficit displayed a widening trend due to geopolitical developments that pushed up global commodity prices, particularly energy prices, and the slowdown in EU economies. Accordingly, the current account deficit increased nearly 7-fold on an annual basis to USD 48.8 billion in 2022.

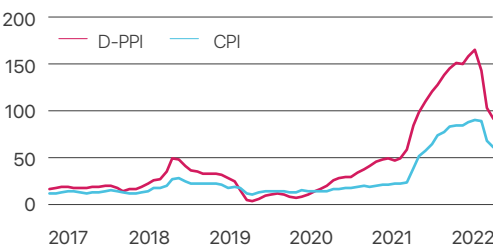
In addition to global inflationary pressures, strong domestic demand and the lagged effects of the depreciation in the Turkish lira caused inflation to remain high during the year. Annual CPI inflation, which peaked at 85.51% in October, declined from this level due to the base effect and was realized as 64.3% at the end of 2022. D-PPI inflation, which reached 157.7% in October, was 97.7% at the end of the year. The CBRT has cut the policy rate by a total of 500 basis points since August and brought it down to 9% as of November. The volatility in domestic financial markets during the year due to the rapid tightening trend in global financial conditions decreased following the implementation of macroprudential policies. Türkiye's 5-year CDS premium, which rose as high as 900 basis points during the year, followed a downward trend in the last months of the year and ended the year at around 500 basis points.

Türkiye GDP Growth (annual % change)



Source: TÜİK data

Türkiye Inflation Indicators (annual % change)



Source: TÜİK data

Banking Sector*

While the banking sector continued to support economic activity in 2022, it maintained its strong outlook. The volume of Turkish Lira loans, including loans to the financial sector, increased by 77.5% on an annual basis, reaching TL 4,749.6 billion as of December 30, 2022. In the same period, the volume of FX loans fell to USD 125.9 billion, with a decrease of 15.7%. Accordingly, the total loan volume expanded by 52.8% as of December 30, 2022 and reached TL 7,100 billion. According to the exchange rate adjusted data, the total loan volume expanded by 38% in this period.

As of December 30, 2022, according to the Weekly Bulletin data published by the Banking Regulation and Supervision Agency, the volume of TL deposits, including deposits of banks, increased by 145.7% and reached TL 4,468 billion compared to the same period in 2021 with the support of the FX-protected deposit accounts. The volume of FX deposits in USD terms decreased by 12.5% in this period and was realized as USD 208.4 billion. Thus, as of December 30, 2022, the total deposit volume increased by 68.4% compared to the same period of the previous year and reached TL 8,360 billion. According to the exchange rate adjusted data, the annual increase in total deposit volume was 45.4%.

* Calculated using weekly sector data published by the Banking Regulation and Supervision Agency, with participation banks excluded from sector figures.



İşbank

2022 was a year in which the high inflation outlook prevailed, policy rates remained relatively low, and balance sheets were shaped within the framework of macroprudential measures. Maintaining its balance sheet management with a risk-oriented, dynamic, and sustainable perspective, İşbank increased its asset size by 52.0% to TL 1,408.3 billion by the end of 2022 and maintained its title of being "Türkiye's largest private bank."

In 2022, İşbank continued to support the real sector and households, increasing its cash loans by 53.9% compared to the end of the previous year. The total equity provided by the Bank to the economy exceeded TL 1 trillion by the end of 2022, of which TL 759.3 billion were cash loans and TL 246.7 billion were non-cash loans. Thus, İşbank continued to be the private bank making the most significant contribution to the national economy.

Continuing to improve its asset quality indicators in 2022, the Bank's non-performing loans ratio declined to 3.0% from the previous year-end level of 4.1%.

İşbank's deposit size increased by 56.3% compared to the previous year-end and reached TL 931.1 billion. While the regulations introduced within the framework of the "liraisation" strategy shaped the composition of deposits, TL deposits increased by more than 130% within this framework. İşbank maintained its leading position among private banks not only in total deposits but also in size of demand deposits.

Maintaining its strong liquidity level in 2022, İşbank's total liquidity coverage ratio stood at 155%, while the foreign currency liquidity coverage ratio stood at 473%.

İşbank maintained its leading position among private banks with its shareholders' equity, which increased by 120.4% in 2022 year-on-year and reached TL 191.4 billion. With a capital adequacy ratio of 24.4% in 2022, İşbank became one of the banks with the highest ratio in the sector.

As a result of our stakeholders' confidence in our Bank's strong structure, İşbank significantly increased its market capitalization during the year and became the bank with the highest market value among private banks by the end of 2022.

In 2023, under a macroeconomic outlook in which inflation loses momentum, exchange rates remain stable within a narrow band, and the policy rate remains flat, the banking sector will prioritize the management of balance sheets shaped by macroprudential policies, taking into account liquidity, interest rate, and exchange rate risks. In addition, strengthening capital with products and services to support equity through risk-adjusted returns and profitability will be prioritized. Flexible and agile management will be displayed in the formulation of balance sheet strategies and updating them according to changing conditions. In the operating environment of 2023, in which it will be important to manage customer preferences effectively while adapting to rapidly changing legislative regulations, the impact of legal regulations on growth targets and profitability will be reflected in balance sheet management decisions with a holistic and prudent perspective along with the priority of maintaining customer confidence.

With

A CAPITAL ADEQUACY RATIO

of 24.4% in 2022, İşbank became one of the banks with the highest ratio in the sector.

Global Tendencies, Risks, Opportunities and Forecasts

The year 2022 was completed under the impact of high inflation and economic bottlenecks worldwide. The impact of the COVID-19 pandemic, extreme natural events caused by climate change, and political turmoil were other prominent developments of the year.

High inflation negatively affects production and purchasing power.

Global growth, which was 6.2% in 2021, is predicted to decline to 3.4% in 2022 and 2.9% in 2023. Global inflation is projected to rise from 4.7% in 2021 to 8.8% in 2022 but is expected to decline in 2023 and 2024.¹ The predictability of the future values of economic variables such as input prices, interest rates, exchange rates, and expenses is important for making decisions regarding production and investment in the economy. As prediction becomes more difficult in an environment of inflation and uncertainty, it also becomes difficult to make decisions regarding production and investment. Increasing costs due to inflation, various financial risks, and uncertainty adversely affect production. Increasing inflation and decreasing production negatively affect purchasing power.

The Organization for Economic Cooperation and Development (OECD) has lowered its forecast for world economic growth to 3 percent for 2022 and 2.8 percent for 2023. It also notes that in developing countries, high energy and food prices have caused deterioration in households' real incomes.² Food prices continued to rise in most countries, with inflation in the OECD reaching 10.7%. The highest rates (above 20%) were observed in Estonia, Hungary, Latvia, Lithuania, and Türkiye.³ The 2022 Global Inflation Perception Survey conducted by Ipsos in 28 countries revealed that the purchasing power of 8 out of 10 people in Türkiye has decreased. Respondents stated that they spend more money on food expenditures, give up the brands they are used to, and follow promotions compared to three months ago.⁴ In the 28 countries where the survey was conducted, people have been worrying about paying their bills for the next six months.

🔗 How do we manage? For details on İşbank's practices and performance in this area, please visit the (internal link) "[An Inclusive and Resilient Economy](#)" section.

The climate crisis continues to top the global agenda.

While the climate crisis puts pressure on natural resources and biodiversity by triggering extreme weather events such as droughts and floods, it also causes an increase in socio-economic inequality and humanitarian crises between countries.⁵

The climate crisis is seen as one of the most important risks facing the world today. According to the 2022 Global Risk Report⁶ published by the World Economic Forum (WEF), the top global risks include failure to take action for climate, extreme weather, and loss of biodiversity. According to the Allianz Risk Barometer 2022 Survey,⁷ the increase in natural disasters and climate change are listed in third and sixth place, respectively. Without timely action, climate change is estimated to cost the global economy USD 178 trillion over the next 50 years.

The transition to a low-carbon economy in the fight against climate change presents companies with a range of operational, economic, and reputational risks on topics such as adapting green technologies, complying with international and national environmental regulations, and accessing financing. Business leaders now recognize climate change as a planetary emergency. According to Deloitte's 2022 CxO Sustainability Report,⁸ which examines the concerns and actions of senior executives and companies on climate change and sustainability, 79% of C-level executives or CxOs believe the tipping point to take action on climate change has been reached. Compared to the previous survey, this rate has increased by 20%. Again, 97% of CxOs emphasize that climate change has already negatively affected their organizations, while 50% emphasize that it has negatively affected their operations. The Global CEO Survey⁹ conducted by PwC reveals that 40% of CEOs include climate change in their strategic risk management.

Not only the business world but also society is growing more concerned about climate change. In a survey on climate change perceptions conducted by Deloitte in 2021, 57% of respondents said they "feel concerned about climate change" and 72% said they "believe climate change is an emergency". The Deloitte Global 2022 Generation Z and Y Survey¹⁰ also shows that climate is a top concern for these generations. ¹¹Generations Z and Y think that the world is at a critical threshold in terms of climate change and demand that companies take action on climate change.

🔗 How do we manage? Please visit the "[Climate Action](#)" section for details on İşbank's practices and performance in this area.

¹ World Economic Outlook Update, January 2023

² OECD Economic Outlook

³ Prices and purchasing power parities (PPP) - OECD

⁴ The purchasing power of 8 out of 10 people in Türkiye has fallen- (bloomberght.com)

⁵ IPCC, "Climate Change 2022: Impacts, Adaptation and Vulnerability" Report

⁶ World Economic Forum (WEF), 2022 Global Risks Report

⁷ Deloitte, Turning Point 2022

⁸ Deloitte 2022 CxO Sustainability Report

The use of big data and artificial intelligence in the finance sector is on the rise.

In the financial sector, which is a data-intensive industry, big data and artificial intelligence applications are being utilized to a great extent thanks to the proliferation of big data, increasing capacity, and decreasing cost of technology.¹²

Companies can improve their operational performance with artificial intelligence applications¹³ (chatbots and digital assistants, robot consultancy, natural language processing, machine learning, intelligent process automation, visual and video data analysis, etc.). In addition, by offering personalized products and services, they gain significant advantages in areas¹⁴ such as increasing customer satisfaction and loyalty, reducing risk, gaining a competitive advantage, detecting fraud and fraudulent transactions faster, and making strategic decisions.

According to Deloitte's "State of AI in the Enterprise" survey,¹⁵ 94% of business leaders see AI as critical to success in the next five years. And 76% of respondents plan to increase their investments in AI to realize more benefits. According to the results of the survey conducted by KPMG with over 400 banking leaders, 63% of respondents recognize AI and 54% recognize data analytics as an important tool for competitive advantage.¹⁶ McKinsey's "AI Banks of the Future" report states that AI has the potential to generate USD 1 trillion in additional benefits for banks each year.¹⁷

PwC estimates that AI will boost global GDP by USD 15.7 trillion by 2030.¹⁸ A new forecast from the International Data Corporation (IDC) Worldwide AI Spending Guide shows that global spending on artificial intelligence (AI) will reach nearly USD 118 billion in 2022 and exceed USD 300 billion in 2026¹⁹. In the banking sector, the AI market is expected to reach USD 64.03 billion by 2030, up from USD 3.88 billion in 2020.²⁰

🔗 How do we manage? For details on İşbank's practices and performance in this area, please visit the (internal link) ["Next Generation Banking"](#) section.

Developments such as the "Great Resignation" and the "Silent Resignation" affect companies from all sectors.

The workforce crises known as the "Great Resignation" and the "Silent Resignation", which have become more visible after the pandemic, affect companies from all sectors all over the world. In the USA, resignation rates, which increased every year between 2009 and 2020, decreased due to the uncertainty brought on by the COVID-19 pandemic, but reached a record high as the impacts of the pandemic subsided. According to the US Bureau of Labor Statistics, more than 47 million Americans voluntarily quit their jobs in 2021.²¹ According to Dr. Anthony Klotz, who conceptualizes this movement as the Great Resignation, people who went through transformative processes during the pandemic quit their jobs or move to new jobs with higher self-satisfaction, with the desire to embark on new personal journeys. Professionals who are used to working remotely during the pandemic do not want to return to the office environment as the pandemic's impact subsides and are looking for other jobs where they can work remotely.²²

The Silent Resignation²³ movement, which describes people who, even if they do not resign, refuse work beyond their assigned tasks or become less psychologically engaged at work, is also affecting the world. In the USA, employee loyalty declined further to 32% in the second quarter of 2022, while the rate of those who do not feel loyalty rose to 18%.²⁴ Since the pandemic, the way people relate to their work has changed. People have started to look for more meaning in their jobs, realizing that the extra effort they put in at work is not paying off. Silent resignation is a reaction to a culture of hustle and bustle and burnout from people who are less engaged at work.²⁵

The repercussions of this wave in Türkiye are the desire of skilled labor to work abroad and the decline in job loyalty rates. While the economic crisis had not intensified and the pandemic had not yet started, TÜİK International Migration Statistics for 2019 report that more than 300 thousand people migrated from Türkiye to abroad.²⁶ In a study conducted in Türkiye,²⁷ 24 percent of employees state that they are in the process of silent resignation and 46.6 percent state that they are prone to this concept due to reasons such as low salary, work-private life imbalance, lack of clear job description, closed career paths, and long working hours. The rate of those who feel they belong in their workplace is only 18.5 percent.

🔗 How do we manage? Please visit the ["Decent Work"](#) section for details on İşbank's practices and performance in this area.

The transformation of banks into technology companies is accelerating.

Digitalization continues to shape the future of the banking sector as it does in many other industries. In line with the increasing demand for digital banking experience, banks are focusing on integrating technology into all banking processes and services with the aim of improving customer experience, increasing operational efficiency, and reducing risks.

According to Insider Intelligence Research, 39% of retail banking executives say technology has reduced costs, while 24% say it has improved the customer experience. The survey also reveals that 66% of executives believe that new technologies such as blockchain, artificial intelligence (AI), and the Internet of Things (IoT) will have the greatest impact on banking by 2025.

On the other hand, there is research that shows that companies face some challenges in adopting these technologies. In a recent survey conducted by Deloitte, 84% of respondents said they had difficulty with artificial intelligence technology, while 65% had difficulty with cybersecurity, 65% with cloud computing, 62% with advanced analytics, and 56% with robotic process automation.

🔗 How do we manage? For details on İşbank's practices and performance in this area, please visit the ["Next Generation Banking"](#) section.

Cybersecurity remains on the agenda as the most important issue of the digital world.

Cybersecurity and data privacy breaches, which emerge in different ways every day, create risks for companies of all sizes. Low levels of awareness and inadequate protection practices leave systems and information vulnerable. While cybersecurity vulnerabilities increased by an average of 28.3% annually between 2016 and 2021, it is estimated that the number of data breach incidents in the world exceeded 40 billion in 2021. The cost of data breaches has increased from USD 3.86 million to USD 4.24 million, reaching a historic 17-year high in reported data breaches.²⁸

The results of Deloitte's cybersecurity survey of 577 senior executives from 26 countries show that cyberattacking software is a major concern, with the biggest impact being disruption to operations.²⁹

According to research conducted by the European Union Agency for Cybersecurity (ENISA) between March and August 2022, the top 10 cybersecurity threats that will emerge by 2030 are;

- Supply chain compromise of software dependencies
- Advanced disinformation campaigns
- Rise of digital surveillance/loss of privacy
- Human error within cyber-physical ecosystems and exploited legacy systems
- Targeted attacks enhanced with smart device data
- Lack of analysis and control of space-based infrastructure and objects
- Rise of advanced hybrid threats
- Skills shortage
- Cross-border ICT service providers as a single point of failure
- Artificial intelligence abuse.³⁰

🔗 How do we manage? Please visit the ["Information Security at İşbank"](#) section for details on İşbank's practices and performance in this area.

⁹ PwC, Global Annual Review 2022.

¹⁰ <https://www.deloitte.com/global/en/Industries/government-public/perspectives/the-world-is-ready-for-climate-action.html>

¹¹ Deloitte Global 2022 Generation Z and Y Survey.

¹² Deloitte, Big Data: Time for a Lean Approach in Financial Services

¹³ https://www.tsb.org.tr/media/attachments/ipek-ulusoy_yapay-zeka-ve-makine-ogrenmesi.pdf

¹⁴ <https://www.wipro.com/business-process/why-banks-need-artificial-intelligence/>

¹⁵ Deloitte State of AI in the Enterprise, 5th Edition, 2022

¹⁶ KPMG- Future of Commercial Banking

¹⁷ <https://www.mckinsey.com/industries/financial-services/our-insights/ai-bank-of-the-future-can-banks-meet-the-ai-challenge>

¹⁸ <https://www.pwc.co.uk/audit-assurance/assets/explainable-ai.pdf>

¹⁹ Worldwide Spending on AI-Centric Systems Will Pass \$300 Billion by 2026, According to IDC

²⁰ <https://www.upgrad.com/blog/artificial-intelligence-in-banking/>

²¹ The Great Resignation Didn't Start with the Pandemic (hbr.org)

²² Transcript: The Great Resignation with Molly M. Anderson, Anthony C. Klotz, PhD & Elaine Welteroth - The Washington Post

²³ When Quiet Quitting Is Worse Than the Real Thing (hbr.org)

²⁴ Is Quiet Quitting Real? (gallup.com)

²⁵ "Silent resignation" after "great resignation" | Independent Türkçe (indyturk.com)

²⁶ TÜİK Corporate (tuik.gov.tr)

²⁷ One out of four young people in Türkiye is in the process of 'silent resignation' - (bloomberght.com)

²⁸ <https://www2.deloitte.com/content/dam/Deloitte/tr/Documents/technology-media-telecommunications/deloitte-tubisad-bit-2021-raporu.pdf>

²⁹ Deloitte (2021 Future of Cybersecurity Survey, N=577)

³⁰ <https://www.enisa.europa.eu/news/cybersecurity-threats-fast-forward-2030>

Increasing and changing regulations create a dynamic risk environment.

The impacts of climate change and the pandemic, economic crises, and political uncertainties bring along many regulations for the business world. Along with these regulations, expectations for companies in terms of sustainability and transparency are increasing. This creates a dynamic risk environment for companies. While compliance with regulations requires a high level of effort, non-compliance can result in a lack of stakeholder trust and a damaged brand reputation.

Increased regulatory compliance requires collecting and standardizing a range of data, directing it to the right decision makers, and incorporating it into risk and strategic decision-making processes. This process may be challenging for companies. Participants more than 57% in Deloitte survey, which included finance, accounting, sustainability, and legal executives of 300 public companies with over USD 500 million in revenue, indicated that data access and data accuracy or completeness remain their greatest challenges with respect to Environmental, Social, and Governance (ESG) data.³¹

Companies are expected to monitor not only their own operations but also those of their suppliers in line with regulatory requirements. It is stated that failure to follow ESG regulations in the supply chain can lead to business interruptions.³²

Aiming to meet the commitments of the Paris Agreement, the EU Green Deal aims to reduce emissions by at least 55% by 2030 and make the EU carbon neutral by 2050.³³ The EU Green Deal is transforming international trade as well as the fight against climate change. It brings a range of responsibilities for both companies' own operations and those of their suppliers, combining significant opportunities and risks. The Carbon Border Adjustment Mechanism, which is part of the EU Green Deal, directly affects our country, with more than 40% of its exports going to EU countries. Higher costs and a decrease in competitiveness are among the expected impacts.³⁴

The Corporate Sustainability Reporting Directive (CSRD), a new EU legislation, the framework for which was drafted in 2022, requires all large companies to publish regular reports on their environmental and social impact activities. This regulation expands the scope and reporting requirements of the Non-Financial Reporting Directive (NFRD). While the NFRD covers around 11,000 companies, the CSRD will cover around 49,000 companies.³⁵ The CSRD is binding for companies currently subject to the NFRD with more than 250 employees and total assets of more than EUR 20 million or turnover of more than EUR 40

million. Relevant companies are expected to submit their CSRD-compliant reports for the 2024 financial year on January 1, 2025.³⁶

How do we manage? Please visit the [“Transparent and Ethical Management”](#) section for details on İşbank's practices and performance in this area.

The impacts of the energy crisis are felt in all sectors and social life.

The impacts that emerge when the continuity of energy, which is one of the critical resources for societies, is endangered or interrupted spread to both economic and social life. In this respect, the energy crisis emerges as a factor that threatens sustainable development.

The impacts of rising energy prices are felt by all companies. While aviation, shipping, and chemical companies are directly impacted by higher energy prices, the food industry and tourism sectors are affected by second-round impacts.^{37 38} The oil and gas industry is one of the sectors most affected by the energy crisis. While Russia's invasion of Ukraine and geopolitical shifts affected energy prices extremely quickly, negotiations on a new nuclear deal with Iran are complicating the energy landscape.³⁹

The Ukraine-Russia conflict had an accelerating impact on the energy crisis. The European Union, which supplies 41% of its natural gas needs from Russia, is the most dependent region in the world for energy from Russia. Russia also plays an important role in the supply of many resources such as copper, nickel, and lithium needed for renewable energy.⁴⁰

Energy consumption worldwide is still heavily dependent on fossil fuels as today's decarbonization policies are fairly new. In Europe, fossil fuels represent around 70% of final energy consumption. Electricity, which represents 22% of energy consumption, is also largely generated from fossil fuels, mainly gas and coal.⁴¹

Energy prices reached record highs, but remain highly volatile. Before the invasion of Ukraine, wholesale gas prices were around 200% higher than a year ago. Gas prices reached more than EUR 340 per MWh in July, more than ten times higher than a year ago. Wholesale electricity prices followed a similar trend. High gas demand during the post-Covid-19 economic recovery also plays an important role in these high prices.⁴²

The indirect impacts of the energy crisis, such as production restrictions, shutdowns, and recessions, have

resulted in high energy bills and fuel shortages both in Europe and in many developing countries. In developing economies, where the share of household budgets spent on energy and food is already high, higher energy bills have increased poverty. This hampers progress towards achieving energy access. Even in advanced economies, higher energy bills have impacted vulnerable households and caused significant economic, social and political strains.⁴³

Rising energy prices are hampering food security and the ability to meet humanitarian needs. Millions of people have become dependent on humanitarian assistance to survive. This, in turn, poses an obstacle to efforts to eradicate poverty and achieve other development goals.⁴⁴

How do we manage? For details on İşbank's practices and performance in this area, please visit the [“An Inclusive and Resilient Economy”](#) section.

Russia-Ukraine tensions had a significant impact on the global economy.

The World Bank's Economic Update Report shows that the ongoing war in Ukraine has diminished post-pandemic economic recovery prospects for emerging and developing economies in Europe and Central Asia.

As energy price hikes in the aftermath of the Russia-Ukraine war continue to impact the region, economic activity is expected to remain under deep pressure over the coming year, with growth predicted to slow to 0.3% in 2023. In Europe, which continues to hold on despite the invasion so far, some of the region's largest economies are expected to grow beyond expectations, and some governments are predicted to contract by 0.2% this year with a cautious extension of pandemic stimulus programs.

According to analyses by the Economist Intelligence Unit (EIU),⁴⁵ the conflict between Russia and Ukraine will negatively impact the global economy in the areas of financial sanctions, commodity prices, and supply chains.

As the global impact of US and EU sanctions against Russia is limited, the most serious impact of the Russia-Ukraine conflict on the world economy is expected to come in the form of higher commodity prices. Concerns about supply, destruction of physical infrastructure, and sanctions are also expected to lead to a significant increase in commodity prices. With gasoline prices set to rise by at least 50% this year, on top of last year's fivefold increase and Europe's limited gas stocks, concerns about gas supplies for the 2022/23 northern hemisphere winter season continue.

As Russia is a major producer of various base metals (aluminum, titanium, palladium and nickel), prices are expected to continue to rise as long as the conflict continues. This will have a substantial impact on industrial sectors (such as the automotive industry) across the globe. Agricultural commodity prices will also continue to rise as Ukraine and Russia account for more than a quarter of the global wheat trade. Higher commodity prices are expected to boost global inflation in 2023. The EU expects global inflation to be around 6% this year.⁴⁶

The impacts of the social dimension of the war have also started to emerge. According to a UNICEF study,⁴⁷ the war in Ukraine and rising inflation pushed four million more children into poverty in Eastern Europe and Central Asia. This corresponds to a 19% increase since 2021.

The study on the impact of the war in Ukraine and the concomitant economic downturn on child poverty in Eastern Europe and Central Asia, with data from 22 countries, shows that children bear the heaviest burden of the economic crisis caused by the war. While children make up 25 percent of the population, they account for nearly 40 percent of the 10.4 million people who fell into poverty this year.⁴⁸

How do we manage? For details on İşbank's practices and performance in this area, please visit the [“An Inclusive and Resilient Economy”](#) section.

³¹ Heads Up — Executive Summary of the SEC's Proposed Rule on Climate Disclosure Requirements (March 21, 2022; Last Updated March 29, 2022) | DART – Deloitte Accounting Research Tool

³² Key Trends in ESG Regulations in 2022 and Beyond | RegASK

³³ Delivering the European Green Deal (europa.eu)

³⁴ Türkiye should see the EU Green Deal as an opportunity to transition to a low-carbon economy | WWF

³⁵ 4 key sustainability regulations you should know about in 2022 (sustainlab.co)

³⁶ New rules on corporate sustainability reporting: provisional political agreement between the Council and the European Parliament - Consilium (europa.eu)

³⁷ https://think.ing.com/articles/the-sectors-most-affected-by-soaring-energy-prices

³⁸ First-round impacts: Higher costs from rising energy prices

³⁹ Second-round impacts: Effects in the new normal because energy prices are likely to remain high for at least the next two years

⁴⁰ https://home.kpmg/xx/en/home/insights/2022/04/top-risks-facing-the-oil-and-gas-industry-in-2022.html

⁴¹ https://home.kpmg/fr/fr/blogs/home/posts/2022/03/how-the-russia-ukraine-crisis-impacts-energy-industry.html

⁴² https://home.kpmg/fr/fr/blogs/home/posts/2022/03/how-the-russia-ukraine-crisis-impacts-energy-industry.html

⁴³ https://www.iea.org/topics/global-energy-crisis

⁴⁴ https://reliefweb.int/report/world/understanding-energy-crisis-and-its-impact-food-security-august-2022

⁴⁵ The Economist Intelligence Unit / https://www.eiu.com/n/global-economic-implications-of-the-russia-ukraine-war/ (Mart, 2022)

⁴⁶ https://www.eiu.com/n/global-economic-implications-of-the-russia-ukraine-war/

⁴⁷ https://www.unicef.org/turkiye/bas%C4%B1n-b%C3%Bcltenleri/unicef-ukrayna-sava%C5%9F%C4%B1-ve-y%C3%BCkselen-enflasyon-d%C3%B0rt-milyon-%C3%A7ocu%C4%9Fu-yoksullu%C4%9Fa

⁴⁸ https://www.unicef.org/turkiye/bas%C4%B1n-b%C3%Bcltenleri/unicef-ukrayna-sava%C5%9F%C4%B1-ve-y%C3%BCkselen-enflasyon-d%C3%B0rt-milyon-%C3%A7ocu%C4%9Fu-yoksullu%C4%9Fa

Message from the Sustainability Leader

Esteemed Stakeholders

As the first national bank of our Republic, İşbank has been one of the leading economic actors of our country with its support for economic development from past to present. Since 1924, İşbank has been contributing to the national economy, providing financing to all sectors, from industry to agriculture, and working to increase the welfare level of society.

Our strategic priority

We work with the aim of creating shareable and sustainable value for all our stakeholders through our business model, which we define as “İşbank Banking” and which we continuously develop and pass down from generation to generation in light of our corporate values.

In order to contribute to the Sustainable Development Goals by increasing our positive impact together with our customers, suppliers, and employees, in short, all stakeholders in our ecosystem, we address sustainability at the highest level and among the strategic priorities in our business plans and transform this approach into concrete outputs. As an organization aware of our responsibility, we address sustainability in a way that includes actions that will contribute to our common future.

Since 2015, when we established our Sustainability Management System, we have been addressing our sustainability efforts systematically and in line with international best practices. Our Sustainability Committee, the highest governance body, includes members of our Board of Directors and Executive Board. This governance structure ensures that our comprehensive and multidimensional sustainability activities are managed from a holistic perspective and that interdisciplinary interaction is supported.

We address sustainability in all its dimensions with our business model, which actively manages all areas from end to end, from reducing the carbon footprint resulting from our own operations to supporting the green transformation of our customers, from procuring sustainable resources to developing sustainability-themed products and services, offering them to customers, and monitoring the environmental and social impacts of the credits extended.

Our decarbonization efforts

In order to control the environmental impacts of our own operations, we monitor different environmental indicators in key impact areas such as waste generation, water and energy consumption, and carbon emissions in our Head Office buildings and branches and continue our digitalization efforts for paperless banking. By the end of 2022, we obtained ISO 14001 Environmental Management System certification at all our locations. Based on scientific data, we set the target to reduce our Scope 1 and 2 emissions by 38% by 2025 and 65% by 2030 and to conduct our operations as carbon-neutral by 2035. We made a commitment to the Science Based Targets Initiative (SBTi) for our emission reduction targets to be validated on a scientific basis. In line with this goal, we procured all of our electricity consumption as renewable energy in 2022.

Since 2019, we have been sharing our environmental performance with our stakeholders under the CDP Climate Change Program. In 2022, we raised our CDP Climate Change Program score to the “A-” level, which is defined as the leadership category. We aim to be among the Global Climate Leaders in this area. We also report to the CDP Water Security Program to announce our actions on water use and impact management on water resources.

In April 2022, we made a commitment to the Net Zero Banking Alliance by taking a very important step to manage the impacts arising from our loan portfolio and set our reduction targets. In order to reach net-zero targets by 2050, our Bank commits to supporting our customers' transition processes to a net-zero economy by focusing its 2030 targets on carbon-intensive sectors and reporting and publishing its progress in emission targets on an annual basis. Joining the Net-Zero Banking Alliance together with the Principles of Responsible Banking will further increase our effectiveness in fighting climate change.

The rising green transformation against the risks posed by climate change in the world and in our country creates important opportunities for banks. Banks stand out as institutions that have the power to transform entire sectors through their lending processes thanks to being the main source of financing. Banks' observance of sustainability principles in their lending processes ensures that the companies that will utilize this financing also operate within the framework of the same principles, enabling better management of environmental, social, and governance risks. After 2015, we allocated all financing of new projects for electricity generation investments to renewable energy projects. In 2020, we took an industry-leading decision; we announced that we would not finance new thermal power plant investments to generate electricity using coal and natural gas as fuel. Subsequently, we added coal mining, gold mining using cyanide, and activities prohibited by national legislation and international conventions regarding the protection of biodiversity resources and cultural heritage to the Exclusion List.

At İşbank, since 2012, we have been assessing the potential environmental and social risks of new investment projects with a total investment amount of more than USD 10 million through the Environmental and Social Risk Assessment Model.

We evaluate climate change and its consequences not only from a risk perspective but also in terms of the opportunities it creates for green transformation. We see the Carbon Border Adjustment Mechanism, which will affect SMEs exporting to the EU, as an opportunity for our customers to reduce their carbon emissions by increasing their awareness of the issue. In this regard, we continue our efforts to provide our customers with both product packages and consultancy. We aim to contribute to our customers' green transformation with the different loan products we offer

In the field of funding, the sustainability-linked syndicated loans we provide by determining performance indicators that reveal our environmental and social impacts are another

We have committed to provide TL 300 billion of sustainable loans by 2026, as well as TL 100 billion of financing for women entrepreneurs within 5 years. Within the scope of our Net-Zero Banking Alliance commitment, we work to establish our emission reduction targets, prioritizing carbon-intensive sectors.

Gamze Yalçın
Deputy Chief Executive
Sustainability Leader



indicator of our responsible banking approach. In addition, since 2008, we have been raising funds from abroad to be used for issues related to environmental and social themes, including energy efficiency and renewable energy projects of small and medium-sized enterprises, residential energy efficiency projects, and green housing loans, as well as financing SMEs, women's businesses, and enterprises in prioritized development regions. In 2022, we secured a total of USD 327 million in new sustainability-related funding from the EBRD, IFC, and AIIB.

Financing for an inclusive economy

We believe that sustainable development can only be realized by increasing the participation of women in business and the female labor force in the economy. To this end, we are increasingly using both our own resources and external funds to support women-owned businesses. As a signatory of the United Nations Women's Empowerment Principles (WEPs), we continue our efforts in many areas, from financing and training activities for female entrepreneurs to the egalitarian attitude that we have displayed towards our women employees. We believe that conducting our activities by taking these internationally approved principles into consideration will create significant added value.

We attach importance to the development of inclusive products and services that will enable access to financial services for all segments of society. We concretely demonstrate our understanding of financial inclusion with the support we provide to SMEs, women, and young entrepreneurs and the value we create in agricultural banking.

Practices supporting gender equality

We are one of the pioneering organizations in our country with our understanding of gender equality. In this organization, which is based on the equality of women and men and where equal opportunities are provided in every field from the first day of employment, we reinforce and develop this deep-rooted understanding in line with the requirements of

the era. Our Gender Equality Policy was established in 2021 with the decision of our Board of Directors. This Policy sets out the basic rules and principles regarding our Bank's practices that observe gender equality in line with the principles of equal opportunity and diversity, both for its employees and its operations..

In 2022, we made this approach visible in the international arena by being listed in the Bloomberg Gender Equality Index, one of the most reputable indices in the world.

Our Targets

At İşbank, we structure our sustainability efforts with concrete targets. We transparently share our efforts and progress towards the targets we set in our key performance areas.

In parallel with drawing the decarbonization roadmap for our loan portfolio in 2023, we will focus on increasing our sustainable finance balance. We have committed to TL 300 billion of sustainable loans by 2026, as well as TL 100 billion of financing for women entrepreneurs within 5 years. Within the scope of our Net-Zero Banking Alliance commitment, we work to establish our emission reduction targets, prioritizing carbon-intensive sectors.

“The World is Ours, The Future is Ours”

At İşbank, we work with the dream of a beautiful future for everyone. We use our resources for a world where all segments of society participate equally in the economy, gender equality is achieved, natural resources are used responsibly, and children and young people can dream freely. We would like to thank all our stakeholders, especially our employees and customers, for accompanying us on this journey.

Yours sincerely,

Management Evaluation and Analysis

Having recorded a strong growth performance in the first half of 2022 on the back of the high contribution from private consumption expenditures, the Turkish economy lost momentum in the third quarter due to macroprudential measures restricting loan supply and grew by 5.6% in 2022.

In the Turkish banking sector, loan growth displayed a strong outlook in the first half of the year amid buoyant economic activity. In the second half of the year, the growth in TL commercial loans slowed due to the legal regulations that were put into effect as of the second quarter and subsequently increased in weight. The contraction in FX loans continued to reduce banks' FX liquidity needs. While deposits have continued to be the main source of funding, exchange rate-protected deposit products, which were announced for the first time in December 2021, supported the transition from FX deposits to TL deposits during the year.

In this period, as İşbank, we continued to create value for the development of the country's economy and society, and to pioneer technological development in the sector with our strong and productive business model, which we structured in line with our vision of "becoming the bank of the future, creating sustainable value with an inclusive and participatory approach" and our strategy of "managing our balance sheet to ensure sustainable and value-added growth while using our internal and external resources in accordance with the priorities of the country's economy and preparing our enterprise for the future by continuously improving our business model along with our group companies and all our business partners in the period of technological transformation."

As of year-end 2022, the Bank maintained its title as **"Türkiye's largest private bank"** in terms of total assets, loans, deposits, and shareholders' equity.

Loans accounted for 53.9% of İşbank's total assets of TL 1.4 trillion as of year-end 2022. The Bank's total cash loans increased by 53.9% in 2022, driven by strong TL loan growth in the first half. Compared to the end of the previous year, retail loans and TL commercial loans increased by 61.0% and 85.6%, respectively, with total growth in TL loans reaching 75.5%. As a result of our strategy to reduce the share of FX loans, the contraction in FX loans accelerated compared to the previous year and was realized at 10.1% in USD terms.

Deposits continue to be the main source of funding with a 66.1% share in total liabilities. In 2022, the Bank's total deposit volume increased by 56.3%. Exchange rate-protected deposit products were decisive in deposit development and customer preferences, with TL deposits increasing by 130.4% while foreign currency deposits contracted by 10.7% in USD terms.

In 2022, our shareholders' equity and capital adequacy ratio remained strong, supported by our net profit. We will prioritize the management of our balance sheet with a proactive and prudent approach by considering the risk-return balance in order to ensure that our strong financial structure and capital adequacy are maintained under all conditions in 2023 as well.

As the bank of the future, we aim to repay our debt to our country, society and the world, not only through the services we will offer in banking with strong financial results and a sound financial structure, but also by making a difference with our social impact and sustainability initiatives. On the other hand, as a bank that uses technology in the most effective way to differentiate itself from the competition with our innovative approach and that prioritizes entrepreneurship, we will focus on increasing the contribution of the value created in new customers, new products/services, and new businesses/markets to our operating results every day.

How Do We Create Value? Sustainability at İşbank

Highlights in 2022

- ✓ The first Integrated Annual Report, which transparently reports **our ESG performance, has been published.**
- ✓ **The Bank became a member of the Net-Zero Banking Alliance**, established by the UN to ensure that member banks align their portfolios with net-zero emission targets in line with the Paris Climate Agreement by 2050.
- ✓ CDP Climate Change Report Leadership Score **"A-"** Leadership Category
- ✓ CDP Water Security Report Score **"B"** Governance Category
- ✓ The Bank is listed in the **BIST Sustainability 25 Index.**
- ✓ **Gender Equality Program** was established.
- ✓ The Bank was listed in the **Bloomberg Gender Equality Index.**
- ✓ Became a member of the **30% Club.**
- ✓ With the Board decision, the **Diversity Policy of the Board of Directors** was put into effect.

Please visit <https://www.isbank.com.tr/en/about-us/sustainability-milestones> to review our past achievements.

Aiming to create shareable and lasting value for our country since its foundation, İşbank's sustainability approach has been summarized as "İşbank Banking".

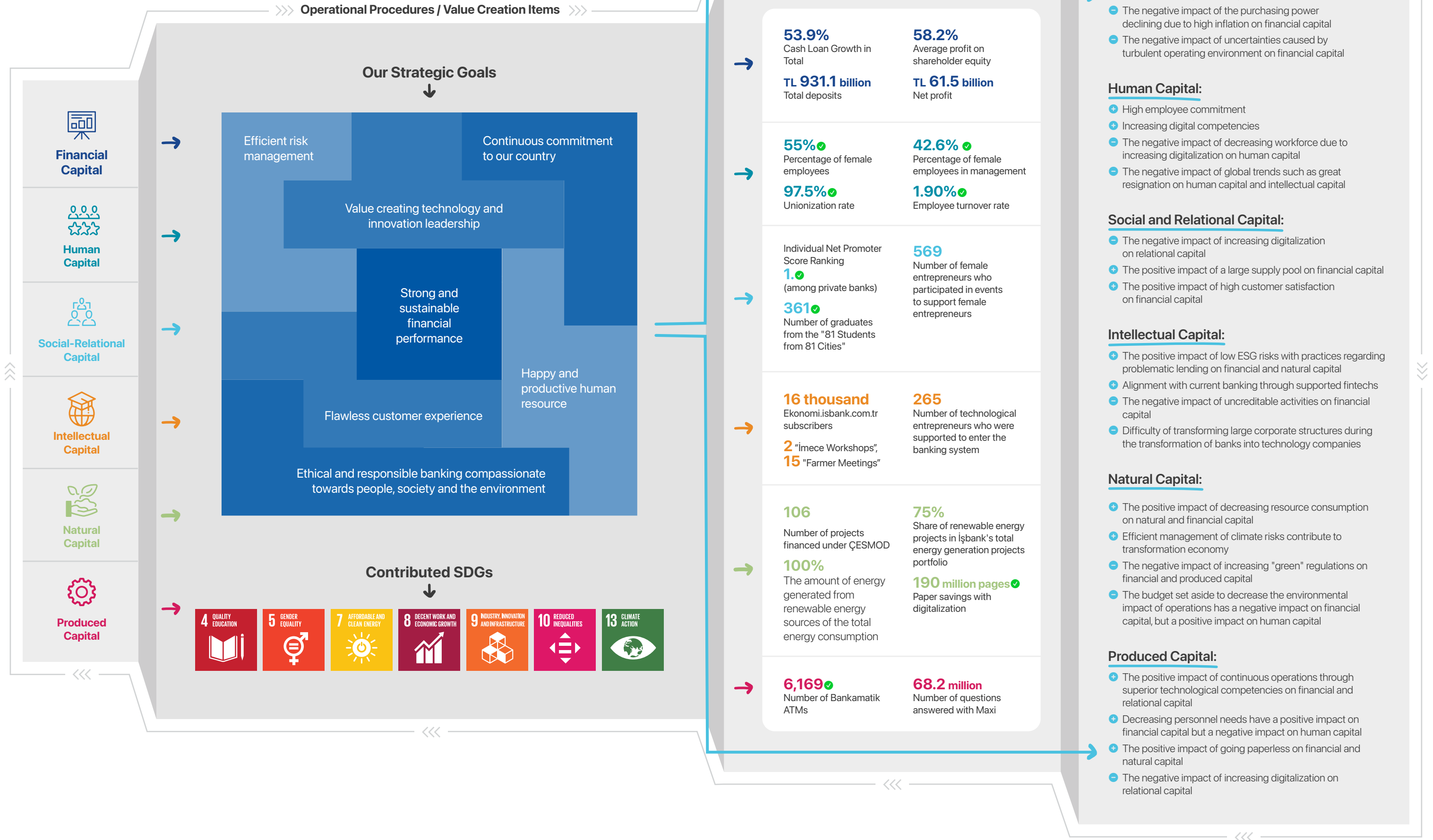
Our business model: İşbank Banking

İşbank Banking is a business model that combines financial and non-financial capital elements with the goal of "producing shareable and sustainable value". With this model, the Bank aims to generate value for all its stakeholders in the short and long term. This value creation model, which allows the Bank's sustainability priorities to be integrated into all decision-making processes, positions sustainability as one of the focal points of its corporate strategy. İşbank carries out all its efforts in this direction under the ownership of senior management and with the participation of all employees.

Looking out for social benefit, as well as the needs and expectations of all its stakeholders, İşbank associates the outputs of its value creation process with the United Nations Sustainable Development Goals that it has contributed to and manifests its support of global goals with the approach of shareable and sustainable value creation.

Please visit <https://www.isbank.com.tr/en/about-us/our-approach> for the principles of İşbank Banking.

Our Business Model



Sustainability Management

The Board of Directors is the highest level management authority in İşbank's sustainability management. The "Sustainability Committee" is the management body that is responsible for the Bank's sustainability activities, which is managed by the Chairperson of the Board, consists of two Board of Directors and Executive Board Members, and where all business units are represented. The Deputy Chief Executive responsible for the Investor Relations and Sustainability function assumed the role of Sustainability Leader. The Sustainability Leader is responsible for representing the Bank in sustainability communications, including stakeholder engagement, and guiding sustainability initiatives.

In addition to the Sustainability Committee, consisting of Board of Directors and Executive Board Members, and the Sustainability Leader, there is a Sustainability Coordinator and a Sustainability Working Group.

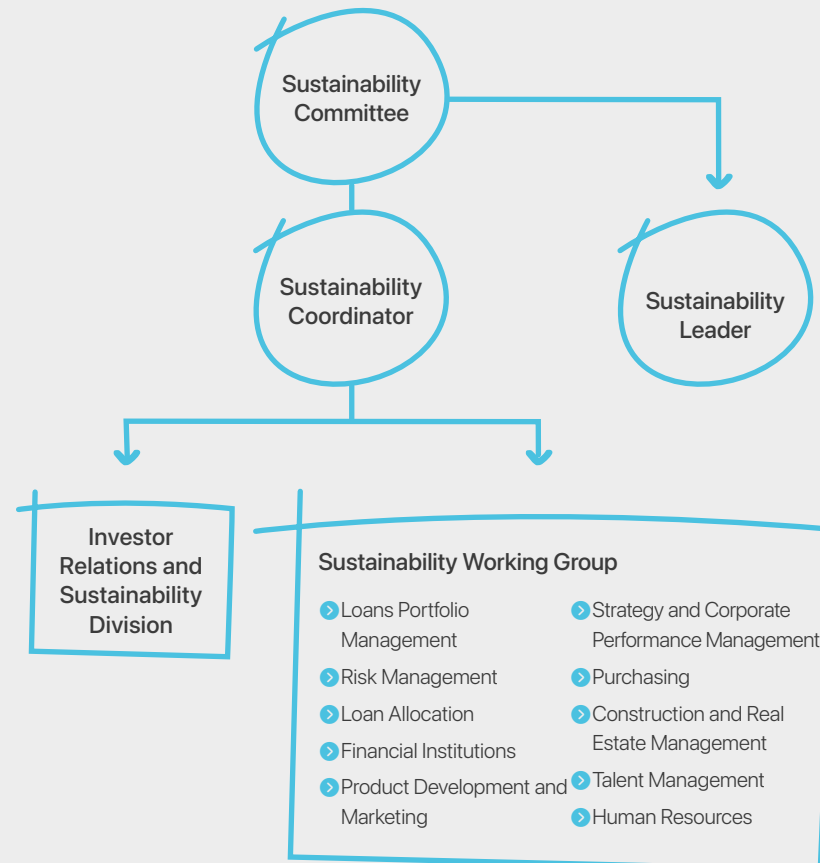
The Sustainability Coordinator ensures that sustainability and climate-related issues are effectively on the agenda of the Bank's senior management. For this purpose,

representatives from all key business units of the Bank come together in the Sustainability Working Group.

The aim of the Working Group, which enables information flow between all divisions, is to ensure that sustainability and climate-related issues are included in business decisions.

The Investor Relations and Sustainability Division is responsible for monitoring developments in the field of sustainability, analyzing global trends, and ensuring coordination within the Bank regarding related activities.

The Bank has structured its perspective on sustainability and its activities in the fields of environment, social and governance under the "Sustainability Management System" it established in 2015 and has since been developing this structure both in an organizational sense and with innovations in the end-to-end business model. İşbank's Sustainability Policy and other complementary policies approved by the Board of Directors form the basis for the functioning of the Sustainability Management System.



You can access İşbank's Sustainability Policy at <https://www.isbank.com.tr/en/about-us/Documents/sustainability/sustainability-policy.pdf>.

Other policies that support İşbank's sustainability approach can be found at the addresses below.

- Supplier Code of Conduct
- Occupational Health and Safety Policy
- Environmental and Social Impacts
- Human Rights and Human Resources
- Anti-Bribery and Anti-Corruption Policy
- Gifts and Hospitality Policy
- Gender Equality Policy

Our Stakeholders

For İşbank, establishing regular, timely and two-way communication with stakeholders is a priority in all activities. The Bank believes in the importance of stakeholder communication to achieve its corporate goals and understand stakeholder expectations.

İşbank is a supporter and member of numerous local and global initiatives. Thus, the Bank aims to be a learning organization and to be among the actors that produce solutions for social and environmental issues. For the Bank's corporate memberships, please visit the "Corporate Memberships" list.

İşbank also actively uses social media to provide its customers and all stakeholders with up-to-date information about the corporation and evaluates stakeholder opinions on these channels.

In 2022, the total number of followers of İşbank and its brands on LinkedIn, Youtube, Twitter, Facebook, and Instagram was approximately

2.7 MILLION PEOPLE.

Details of social media accounts can be found in the "Social Media Followers" list.



Our Stakeholders

	Employees	Business Partners	Suppliers	Subsidiaries	Shareholders	Initiatives Supported		Financial Institutions and Rating Agencies	University Students	Analysts	Public Institutions	Customers	NGOs and Media
Why is it important for İşbank?	A motivated and qualified workforce is needed to achieve corporate goals. A workforce with digital competencies provides a competitive advantage for the Bank.	Business partners that match up with İşbank's corporate values and with whom joint projects can be carried out in a mutually beneficial relationship provide financial and reputational benefits for the Bank.	Long-term supplier relationships provide the Bank with operational sustainability and cost advantages.	As an integrated organization, İşbank creates value for its investors through the synergy it creates with its subsidiaries.	İşbank's broad-based shareholder structure provides the Bank with financial strength.	İşbank contributes to its corporate know-how and reputation through the initiatives it is a member of and supports.		Strong partnerships with financial institutions provide the Bank with advantageous financial opportunities.	With its employer branding efforts, İşbank aims to be a corporation preferred by the next generation in the future as it is today.	İşbank contributes to analysts' accurate assessments through transparent and timely information sharing, thus guaranteeing that it is a preferred corporation.	İşbank ensures its operational sustainability by fully complying with laws and regulations in all geographies in which it operates. The Bank exchanges views with public institutions and expresses opinions on new regulations.	With its high corporate reputation, İşbank establishes trust-based relationships with its customers and finances the Bank's sustainable growth strategy through its broad customer base.	İşbank contacts numerous non-governmental organizations to keep abreast of current developments, exchange ideas with other institutions and organizations, obtain information in areas of need, and share its corporate news with the public in a fast and accurate manner.
Communication channels	Working Life Evaluation Survey, training programs, performance evaluation, internal communication platforms, regular executive meetings	Joint projects, thematic meetings, training programs	Daily communication with product and service suppliers, projects aimed at increasing sustainability awareness among suppliers	Boards of Directors of subsidiaries, Joint projects, reputation research	General Assembly and investor meetings, investor presentations, analyst and investor days, promotional meetings, teleconferences, daily communications from the Investor Relations and Sustainability Division, İşbank Investor Relations web page, Public Disclosure Platform (KAP), the Information Society Services Platform established as per the Turkish Commercial Code, Integrated Report, CDP Reports	Conferences, seminars, congresses, workshops, replying to written queries		Evaluation and information meetings, Corporate Reports, replying to written queries	Career days, campus events, sponsorship activities	Analyst days, investor meetings, investor presentations, teleconferences, communications of the Investor Relations and Sustainability Division, Annual Report, Integrated Report, Reputation Research	Reporting processes, consultation meetings	Branches, Bankamatik ATMs, Internet Branch, Telephone Branch and mobile banking channels, customer relations representatives, meetings, customer satisfaction surveys, social media	Information and press meetings, private meetings, replying to written queries, online training, mentorship activities and other joint projects
Basic expectations from İşbank	An egalitarian, development-supportive, fair working environment; A corporation that brings the competencies of the day to its employees; Adoption of new working models	A win-win approach with transparent and innovative corporate practices	Fair selection and evaluation processes; Fast and easy communication; Corporate capacity building	Protecting and enhancing İşbank Group's reputation, Joint projects and information exchange	To directly and quickly get accurate and up-to-date information about İşbank and exercise their shareholder rights	Increasing joint projects		Transparent reporting on financial and non-financial performance	Mentoring activities; Internship and career opportunities	Transparent non-financial reporting	Full compliance with legislation; exchange of ideas on new regulations	Easy to reach; Accurate guidance on products and services; User-friendliness of digital channels	Quick response to information requests; Opportunities for joint project development
İşbank's Response	İşbank has defined its policies and procedures to be an egalitarian employer. The Bank strives to be the employer of the next generation through trainings developed for employees at all levels and models such as agile working and hybrid working.	İşbank aims to establish long-term relationships with business partners who share the values equivalent to its corporate ethical values and to increase the corporate capacity of its business partners.	İşbank manages a competent and large pool of suppliers through supplier selection, evaluation, and development systems.	İşbank implements projects that will create synergy with its subsidiaries and includes its subsidiaries in its audit processes.	İşbank's Investor Relations and Sustainability Division considers providing timely information to the Bank's shareholders to be its primary responsibility.	İşbank shares its performance with its stakeholders by fulfilling the requirements of its corporate engagements that increase every year.		İşbank reports its financial and non-financial performance on various platforms.	As one of the most preferred employer brands in Türkiye, İşbank offers internship and mentoring opportunities to a large number of university students every year.	İşbank reports its sustainability performance in compliance with numerous international frameworks.	As one of the leading players in the sector, İşbank submits its opinions on the regulations related to the sector and carries out all its activities with a full compliance approach.	Through its digital channels, İşbank is accessible 24/7. Customer feedback is analyzed and integrated into decision-making processes.	İşbank carries out joint projects with numerous non-governmental organizations compatible with its corporate values.
Related capital element	 Human Capital	 Financial Capital  Social-Relational Capital	 Financial Capital  Social-Relational Capital	 Financial Capital  Produced Capital  Intellectual Capital	 Financial Capital	 Social-Relational Capital  Intellectual Capital		 Financial Capital  Social-Relational Capital	 Human Capital  Intellectual Capital  Social-Relational Capital	 Financial Capital	 Financial Capital  Social-Relational Capital  Produced Capital	 Financial Capital  Social-Relational Capital  Produced Capital	 Social-Relational Capital  Intellectual Capital

Materiality Analysis at İşbank

İşbank identifies and manages its corporate priorities through a dynamic process and a multiple-stakeholder engagement approach.

Through the materiality analysis conducted every year, İşbank identifies the topics that have the potential to affect its business model, where stakeholder expectations are high, and which İşbank can influence, and reviews its current list of material topics. The dynamic process of materiality analysis benefits from the opinions of numerous stakeholders, changing regulations and standards, corporate strategies, and prominent developments on the global agenda.

In 2022, the material topics reviewed with a “double materiality” approach were divided into 3 groups. Our performance and targets on topics identified as “highly important” have been shared in detail in the Integrated Annual Report. The Report includes exemplary projects and performance indicators for the topics in the “important” group. “Less important” topics are closely monitored by İşbank, but performance in this area is not covered in detail in the report.

Double materiality:

When determining its material topics, İşbank considers the financial and non-financial impacts of topics with high potential impact on its business strategies and high stakeholder expectations with a holistic approach, taking into account its wide stakeholder network. The financial and reputational risk that each topic in the materiality process poses to the Bank and the level of impact that the topic will have on the relevant stakeholders are evaluated simultaneously. İşbank adopts a long-term impact approach. Therefore, even if the short-term financial and social impact of a topic is low, medium and long-term social and financial impacts are also considered in line with stakeholder expectations. In addition, all topics are also evaluated in terms of İşbank's potential to influence the topic. For example, while evaluating Climate Action, which is among İşbank's material topics, during the materiality process, the position of the topic within the Bank's business strategies, the financial and social risk assessment of the topic, the short and long-term impact of the topic on stakeholders, the existing / developing regulations and standards around the topic were taken into consideration, and the positive and negative impacts of İşbank on Climate Action were evaluated.

In the upcoming period, İşbank will continue its work by including stakeholder views in the materiality process in a more dynamic way.

Materiality Steps

Step 1: Topic list

Based on the 2021 topic list, a list of topics that may be important for İşbank was created. In the process, corporate strategies, changing legislation and standards, sectoral practices, corporate engagements, global trends, and stakeholder expectations were considered.

Step 2: Evaluation of topics

2.1. Evaluation of stakeholder expectations: The expectations of key stakeholders in the field of sustainability from İşbank were determined as a result of an evaluation of the results of expectation and satisfaction research organized for various stakeholder groups and media research.

2.2. Influence on business strategies: The significance level of the influence of the topics included in the list of topics on the Bank's business strategies was evaluated through comprehensive employee and manager meetings, corporate strategy and engagement requirements, results of benchmarking studies, and global trends.

2.3. İşbank's impact on the topic: All topics were assessed in terms of the Bank's positive and negative social, economic, and environmental impacts on the topic, and the risks and opportunities the topic poses for the Bank and its stakeholders were explored.

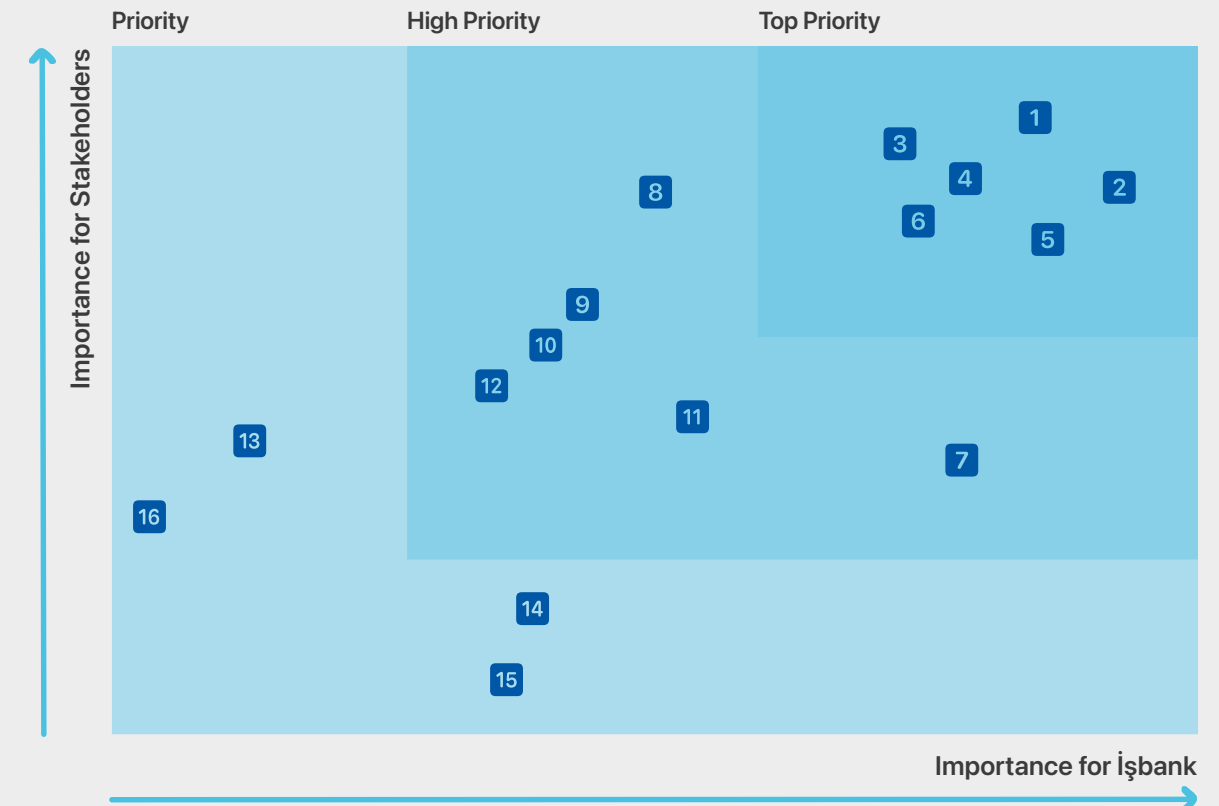
Step 3: Selection of material topics:

The assessed topics were placed in the materiality matrix.

Step 4: Validation meetings:

The prepared matrix was approved by İşbank executives.

MATERIALITY TOPICS MATRIX



- 1 Cybersecurity and customer privacy
- 2 Financial performance and profitability
- 3 Combating climate change
- 4 Efficient risk management
- 5 Digital banking
- 6 Employee rights, commitment and satisfaction

- 7 Responsible products and services
- 8 Responsible financing and investment decisions integrating ESG criteria
- 9 Equal opportunity, diversity and gender equality
- 10 Business ethics, transparency, corporate management and reporting
- 11 Customer centricity
- 12 Financial inclusion

- 13 The Bank's environmental footprint
- 14 Contribution to social welfare
- 15 The future of business and new working models
- 16 Responsible procurement and supply chain

Changes in Material Topics Compared to the Previous Year

- The Preferred Employer topic was made a sub-heading of Employee Rights, Commitment and Satisfaction.
- The Digital Transformation topic title was changed to Digital Banking.
- Open Banking was moved under Digital Banking.
- The Financial Literacy topic was made a sub-heading of Financial Inclusion.
- Corporate Governance was added to Business Ethics, Transparency and Reporting.
- The Corporate Social Responsibility topic title was changed to Contribution to Social Welfare.
- Responsible Marketing was moved under Responsible Products and Services.
- The Future of Business and New Working Models topic was added to the matrix.
- Employee Volunteerism, Stakeholder Communication, Compliance with Regulations, and Employee Health and Safety were removed from the matrix.

Topics	ESG Impacts	Importance for İşbank	Relevant Stakeholders	Related Corporate Policy/Document	How do We Manage?
Combating Climate Change	Climate change is the most important issue facing the planet. Changing climate conditions are fundamentally altering the way of doing business in many sectors. Those at the bottom of the income pyramid are the most adversely affected by this rapid transformation. The transition to a “Green Economy” is among the most important agenda items of the global economy.	Business models that do not consider environmental risks show that companies will face resource issues in the medium and long term, and this, in turn, will create multidimensional risks for financial institutions. İşbank analyzes the risks and opportunities that the transition economy will create and aims to minimize the environmental impact of its own operations and financing activities while increasing the number and scope of products and services that support the green economy.	Customers Financial Institutions Society	Climate Change Risk Policy Sustainability Policy Environmental and Social Impacts Policy	 Please visit the “Climate Action” section for our management approach, performance and goals in this area.
Financial Performance and Profitability	The turbulent global economy, rapidly changing risk matrices, and a changing and differentiating competitive environment are factors that make sustainable profitability difficult. Companies without stable financial performance have difficulty surviving in this conjuncture.	İşbank aims to create shareable and sustainable value for all its stakeholders through its brand which is identified with confidence in the sector, extensive shareholder and customer base, advanced international connections, and a well-managed risk approach.	Shareholders Investors Employees		 Please visit the “Financial Performance” section for our performance in this area.
Digital Banking	Increasing digitalization in the financial sector increases the accessibility of financial products and causes traditional banks to compete with fintechs.	Banking and finance are among the sectors most affected by increasing digitalization and changing customer preferences. Banks that have difficulty understanding new trends and fail to offer inclusive products are pushed out from the competition. Therefore, improving digital banking activities and communication with customers are among İşbank’s main goals.	Customers Sectoral Stakeholders		 Please visit the “Next-Generation Banking” section for our performance in this area.
Employee Rights, Commitment and Satisfaction	The changing business life after the pandemic has faced many developments that negatively affect employee engagement, such as the great resignation and silent resignation. High employee turnover and loss of talent are among the major operational risks affecting all sectors.	İşbank has always been a preferred employer for new graduates with its unique corporate culture. The Bank continues to retain its human resources through internal promotion systems and a rich training portfolio. İşbank meets changing employee expectations with its agile business models, hybrid working systems, and investments in employee development.	Employees	Human Rights and Human Resources Policy Ethical Principles and Operational Rules Remuneration Policy Gender Equality Policy Occupational Health and Safety Policy	 Please visit the “Decent Work” section for our performance in this area.
Equal Opportunity, Diversity and Gender Equality	Economic development is only possible if all segments of society participate in the economy on equal terms. In countries where women’s participation in the economy is low, statistics on innovation and the distribution of national wealth also lag behind.	As part of its banking approach, İşbank supports a participatory economy in which all segments of society contribute. The Bank believes it is an ethical and economic necessity for women to participate in the economy, assume managerial roles, and take part in social life as they wish.	Customers Employees NGOs Society	Human Rights and Human Resources Policy Gender Equality Policy Board of Directors Diversity Policy	 Please visit the “Decent Work” section for our management approach, performance, and goals in this area.
Cybersecurity and Customer Privacy	Increasing digitalization brings with it cyber threats. The loss or theft of important information poses serious threats to all individuals and organizations. It may result in data loss, security threats, business interruptions, and financial losses.	İşbank meticulously manages cybersecurity and customer information privacy due to the requirement to ensure trust in digital banking services, to ensure that next-generation banking services are preferred by customers, to protect corporate reputation, and to minimize legal risks.	Customers Sectoral Stakeholders Regulatory Authorities	Personal Data Protection Policy Privacy Policy Disclosure Policy	 Please visit the “Information Security at İşbank” section for our management approach, performance and goals in this area.
Responsible Products and Services	Banking and finance are among the sectors most affected by changing customer preferences due to the impact of sustainability. Banks that have difficulty understanding new trends and fail to offer inclusive products and services that positively impact the environment and society are pushed out of the market and lose their competitive advantage.	İşbank develops products and services that are inclusive of all segments of society and the economy. Developing products that not only take into account the different life stages, economic needs, and sectoral requirements of its customers, but that are also easy to understand and support savings awareness is the basis of the Bank’s understanding of delivering responsible products and services.	Customers Public Institutions	Disclosure Policy Customer Satisfaction Policy ISO 9001 Quality Policy	 Please visit the “Responsible Products and Services” section for our management approach, performance and goals in this area.
Efficient Risk Management	In the new global economy, the management of non-financial risks is as important as financial risks. Many social and environmental risks such as compliance with regulations, risks arising from climate change, human resources risks, and reputational risks affect the sustainability of organizations.	At İşbank, the risk management process, which puts “good corporate governance” to the forefront and ensures the segregation of units responsible for monitoring and controlling risk from executive functions, identifies risks in accordance with international regulations and manages financial and non-financial risks together with banking-specific risk management principles.	Public Institutions Shareholders and Investors	Climate Change Risk Policy Reputational Risk Policy Consolidated Risk Policies Information Systems Risk Management Policy Model Risk Management Policy Compliance Risk Management Policy Anti-Bribery and Anti-Corruption Policy Risk Policies Implementation Instruction	 Please visit the “Efficient Risk Management” section for our management approach, performance and goals in this area.

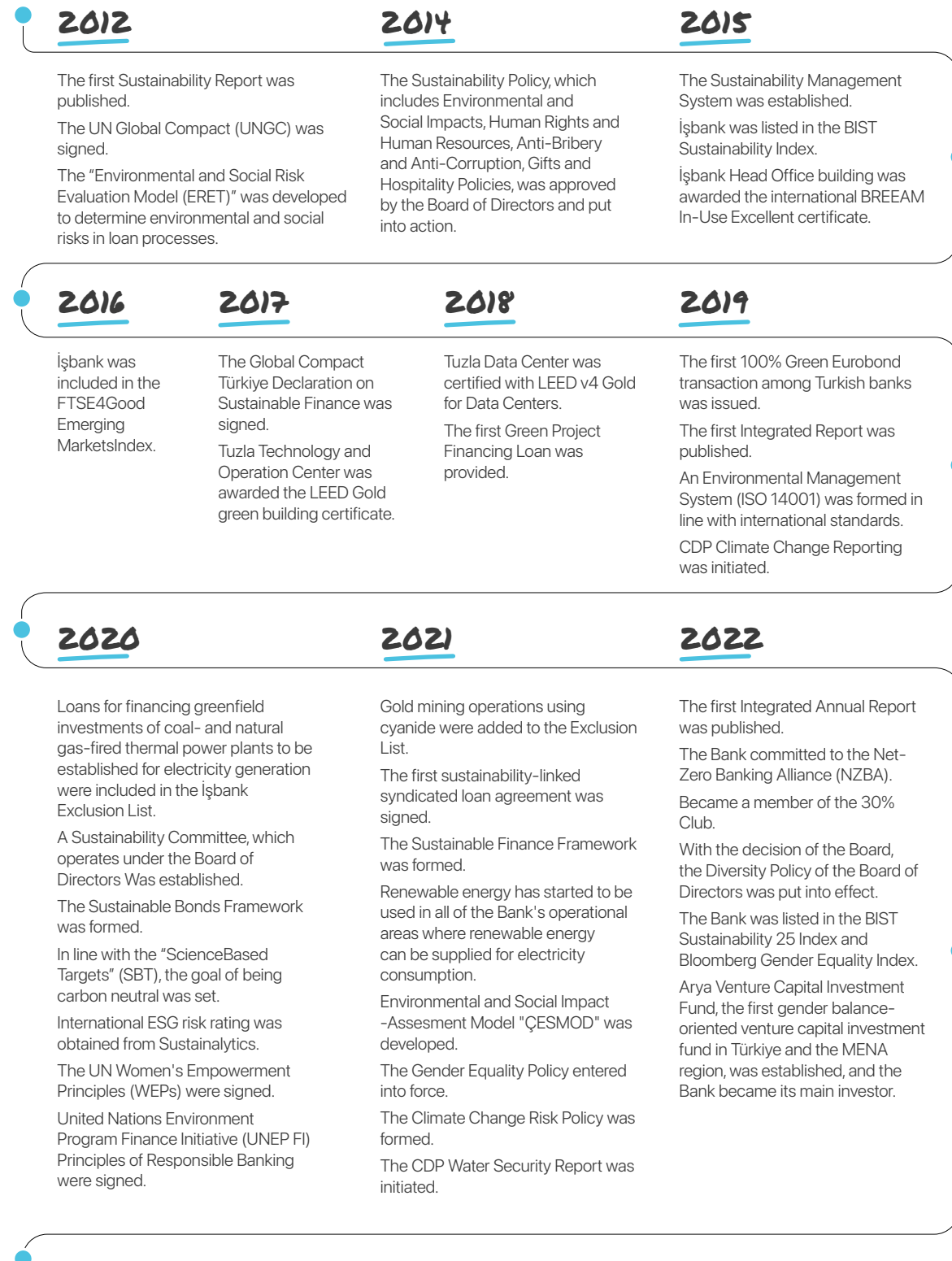
Topics	ESG Impacts	Importance for İşbank	Relevant Stakeholders	Related Corporate Policy/Document	How do We Manage?
Responsible Financing and Investment Decisions Integrating ESG Criteria	The banking sector's main responsibility for climate action and responsible banking is to take environmental and social impact factors into consideration during loan allocation processes.	İşbank meticulously evaluates the environmental, social and governance risks caused by its lending activities. The Bank supports multi-partner initiatives in the sector to increase knowledge in this area.	Customers Society Sectoral Stakeholders	Sustainability Policy Environmental and Social Impacts Policy Climate Change Risk Policy	 Please visit the “ Social and Environmental Risk Management in Loans ” section for our management approach, performance and goals in this area.
Business Ethics, Transparency, Corporate Management and Reporting	Regulations in the banking and finance sector are diversifying every year. The reporting, compliance with ethical principles, and transparency obligations of institutions are increasing at the same rate. The risk of non-compliance is one of the leading risks that threaten all institutions.	Compliance with business ethics principles has always been among the uncompromising corporate priorities of İşbank. The Bank shapes all of its stakeholder relations in line with these principles. The Bank strives for full compliance with laws and regulations in all areas and regions in which it operates. The Bank manages its risks in this area through a corporate governance structure complying with international standards and numerous voluntary and mandatory reports.	Public Institutions Shareholders and Investors	Ethical Principles and Operational Rules Disclosure Policy Anti-Bribery and Anti-Corruption Policy Gifts and Hospitality Policy	 Please visit the “ Transparent and Ethical Management ” section for our management approach, performance and goals in this area.
Customer Centricity	Rapidly changing customer preferences due to the impact of sustainability, increasing access to financial services, and fintechs becoming competitors to traditional banks are developments that increase the importance of understanding changing customer expectations. Corporations that do not invest in this area may lose their competitive advantage in the market.	İşbank endeavors to become a reliable partner that all customers can access when required and find easy to work with. In line with its strategy of being "the closest bank to customers", the Bank reviews all its systems and processes by looking at them from a customer-experience point of view.	Customers	Customer Satisfaction Policy Disclosure Policy	 Please visit the “ Customer Centricity ” section for our management approach, performance and goals in this area.
Financial Inclusion	Increasing access to financial products and enabling everyone to contribute to the economy are among the sustainable development goals and among the most important responsibilities of the banking and finance sector.	İşbank aims to increase and ensure fair distribution of social welfare by developing products and services for all segments of society. The Bank supports entrepreneurship, transfers resources to SMEs, creates financing resources to increase the participation of women and youth in the economy, and strives to increase financial literacy.	Customers Society	Sustainability Policy	 Please visit the “ Financial Inclusion ” section for our management approach, performance and goals in this area.
The Bank's Environmental Footprint	In combating climate change, all organizations are working to reduce their environmental footprint. Regardless of the sector, reducing environmental impacts has also become an area of competition.	İşbank has set its target to reduce greenhouse gas emissions and shared this target with its stakeholders within the scope of the CDP Climate Change Program reporting.	Society Regulatory Authorities	Sustainability Policy Environmental and Social Impacts Policy Climate Change Risk Policy	 Please visit the “ Environmental Impact Management ” section for our management approach, performance and goals in this area.
Contribution to social welfare	Brands that show sensitivity to social issues and establish a relationship with society, not only with their products but also with their values, gain a competitive advantage. They increase their legitimacy, brand value, and reputation in the eyes of society.	As one of the leading banks in Türkiye, İşbank plays a pioneering role in building a better society. Through its contribution to the national economy and long-term social responsibility projects, the Bank contributes to the dream of a better world for future generations.	Society	Sustainability Policy Environmental and Social Impacts Policy Gender Equality Policy	 Please visit the “ Contribution to social welfare ” section for our management approach, performance and goals in this area.
The Future of Business and New Working Models	Alternative working models that increased with the pandemic have become permanent in many sectors. Remote working, hybrid working, and project-based business models are increasingly finding a place in traditional working life and are preferred by employees.	İşbank considers the needs and expectations of its employees while maintaining its well-established employer brand. Thanks to its robust technological infrastructure, the Bank supports remote working and hybrid working models. The Bank's ever-increasing number of agile working groups also creates significant value for next-generation employees who desire a dynamic working life.	Employees	Human Rights and Human Resources Policy Gender Equality Policy	 Please visit the “ Decent Work ” section for our management approach, performance, and goals in this area.
Responsible Purchasing and Supply Chain	Supply chain disruptions and incidents of non-compliance threaten operational sustainability in many sectors, and institutions are becoming increasingly responsible for the performance of their supply chains.	İşbank establishes long-term relationships with its suppliers based on a win-win approach. The Bank works with companies that have norms equivalent to its corporate sustainability and ethical approach and carries out practices and training activities to improve their performance.	Suppliers Business Partners	Supplier Management Principles	 Supplier Management Principles Please visit the “ Responsible Purchasing ” section for our management approach, performance and goals in this area.

Priorities according to stakeholder groups	Board of Directors	Executive Board	Managers	Employees	Business Partners	Suppliers	Subsidiaries	Shareholders	Initiatives Supported	Finance Institutions	University Students	Analysts	Public Institutions	Customers	NGOs
Cybersecurity and customer privacy															
Financial performance and profitability															
Combating climate change															
Efficient risk management															
Digital banking															
Employee rights, commitment and satisfaction															
Responsible products and services															
Responsible financing and investment integrating ESG criteria															
Equal opportunity, diversity and gender equality															
Business ethics, transparency and reporting															
Customer centricity															
Financial inclusion															
The Bank's environmental footprint															
Contribution to Social Welfare															
The Future of Business and New Working Models															
Responsible Procurement and Supply Chain															

Material Topics and Reporting Frameworks

Topic	Reporting Framework							Impact on business strategy	Stakeholder Expectations
	GRI	SASB	TCFD	SKA			UN WEPs		
The Bank's environmental footprint	302-1, 302-2, 302-3, 302-4, 302-5, 303-3, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 306-2, 306-3, 306-4			 					
Employee rights, commitment and satisfaction	202-1, 401-1, 401-2, 401-3, 402-1			 					
Responsible financing and investment decisions integrating ESG criteria	304-2, 413-2			 					
Digital banking				 					
Equal opportunity, diversity and gender equality	201-3, 405-1, 405-2, 406-1			 					
Financial inclusion				 					
Financial performance and profitability	201-1, 201-4			 					
Combating climate change				 					
Business ethics, transparency, corporate management and reporting	205-1, 205-2, 205-3, 408-1, 409-1, 410-1, 415-1								
Contribution to social welfare	203-1, 203-2, 413-1			 					
Customer centricity	417-1, 417-2, 417-3			 					
Efficient risk management	201-2								
Cybersecurity and customer privacy	418-1			 					
Responsible supply and procurement	204-1, 308-1, 308-2, 414-1, 414-2								
Responsible products and services				 					
The future of business and new working models									

İşBank's Sustainability Journey



Initiatives Supported in the Field of Sustainability



The UN Global Compact and the Declaration of Sustainable Finance

The UN Global Compact is the world's largest corporate sustainability initiative. İşbank is committed to complying with the principles of the Global Compact in all its activities. İşbank fulfilled the requirements of the Global Compact, which was renewed in 2022, by becoming a member of the "early adopter" program before the mandatory transition process.

İşbank is a member of the Global Compact Türkiye Sustainable Finance Working Group. The group aims to raise awareness on the concept of sustainability across the real sector, especially in the Turkish finance sector, and mobilize the private sector to create the financial resources needed to achieve the Sustainable Development Goals.

İşbank is a signatory of Global Compact Türkiye's Declaration of Sustainable Finance, which was prepared by the Global Compact Türkiye Sustainable Banking and Finance Working Group. With this declaration, the signatory banks pledged to take environmental and social risks into consideration during loan assessment processes and support "innovative sustainable finance principles" for investments of USD 10 million and above. With this support, İşbank declared to not only take social and environmental risks into consideration during loan assessment processes but also to play a leading role in embracing an inclusive and sustainable finance approach that supports the development of sustainability-driven banking products as well as the growth of this market.



United Nations Environment Program Finance Initiative (UNEP FI) Principles of Responsible Banking (PRB)

The Principles of Responsible Banking introduced by the UNEP FI are intended to ensure alignment of the signatory banks with the vision set forth in the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement. These principles, which define the role that the banking sector can play to achieve a green and inclusive economy, are designed to maximize the influence of the banking sector on the efforts toward sustainable economic growth. Being a signatory of the UNEP FI Principles of Responsible Banking and a member of the UNEP FI, İşbank completed its portfolio impact analysis in 2022 and maintained its collaborative efforts in the UNEP FI working groups.



United Nations Sustainable Development Goals

The Sustainable Development Goals are a call to action that includes the goals to be achieved by the end of 2030 by the United Nations member states. It focuses on solving social, cultural and ecological issues grouped under 17 main topics, such as ending hunger and poverty, combating climate change, gender equality, quality education, and responsible production and consumption worldwide.

İşbank is aware of the transformative power and responsibility of the banking and finance sector in sustainable development. Therefore, the Bank supports the United Nations Sustainable Development Goals and reports its direct and indirect contributions to the goals.



The Banks Association of Turkey Sustainability Working Group

İşbank is an active participant of the the Banks Association of Turkey (BAT) Sustainability Working Group. The group shares information on local and global developments in sustainability, exchanges views on sustainability by holding meetings with regulatory institutions and boards, and develops training programs to support sustainability efforts in the sector.



Net-Zero Banking Alliance (NZBA)

With more than 100 members from 40 countries, the Net-Zero Banking Alliance represents nearly 40% of global banking assets. The Alliance is critical to mobilizing the financial sector for climate action. Members of the Alliance: commit to aligning their portfolios with net-zero emissions targets by 2050, set scenario-based interim targets in priority sectors for 2030 or earlier, prioritize carbon-intensive sectors with the most significant impact when setting targets, set initial targets within 18 months of becoming a member, and disclose progress on the transition strategy set at a high level within one year of setting targets.

In April 2022, İşbank made a commitment to this alliance by taking a very important step to manage the impacts arising from its loan portfolio and set reduction targets. In order to reach net-zero targets by 2050, the Bank committed to supporting its customers' transition processes to a net-zero economy by focusing its 2030 targets on carbon-intensive sectors and reporting and publishing its progress in emission targets on an annual basis. The Net-Zero Banking Alliance commitments, along with the Principles of Responsible Banking, will further increase the effectiveness of İşbank in fighting climate change.



CDP- Carbon Disclosure Project

CDP is an independent global organization that allows publicly-traded companies to disclose information to their investors about how they use natural resources and manage the risks in this area. İşbank has been transparently sharing its environmental goals and performance with its stakeholders within the scope of the CDP Climate Change Program since 2019. The Bank was awarded a score of "A-" Leadership level in the CDP Climate Change Program in 2022. İşbank also began to make disclosures as part of the CDP Water Security Program to report on its water usage as well as the actions taken to manage its impact on water resources in 2021, and its score in this area was "B" Management level in 2022.



Environmental Initiatives

Science-Based Targets Initiative (SBTi)

The Science-Based Targets Initiative directs the private sector's climate action by enabling companies to set science-based emission reduction targets in order to keep the global temperature increase below 1.5°C and to meet the targets set in the Paris Climate Agreement. İşbank committed to basing its emission reduction targets on Science-Based Targets.



The UN Women's Empowerment Principles (WEPs)

The UN Women's Empowerment Principles offer guidance to businesses on how to promote women's empowerment in the workplace and in the community. As a signatory of WEPs, İşbank assumes a role in promoting and facilitating the participation of women in employment.



Bloomberg Gender Equality Index

The Bloomberg Gender Equality Index (GEI), a capitalization-weighted variable market index that adopts transparency in data reporting and aims to monitor the performance of publicly traded companies, measures gender equality in five categories.

İşbank joined the GEI in 2022 and transparently reported its efforts on gender equality internationally.



30% Club

The 30% Club is a cooperation in which the chairpersons of the board of directors and CEOs aim to improve the gender balance at all levels of their organizations. Behind this cooperation lies the belief that gender balance will make companies more successful and boards more effective. İşbank became a member of the 30% Club in 2022.



Global Reporting Initiative (GRI)

GRI standards are standards that enable all organizations, regardless of size and sector, to understand and report about their impact on the economy, environment, and people. İşbank has been reporting its sustainability performance in accordance with the GRI Standard since 2012.



International Integrated Reporting Council - IIRC

IIRC is a global coalition of regulatory authorities, investors, companies, standard-setting authorities, accounting experts, and NGOs. İşbank has been publishing its integrated sustainability and annual reports in compliance with the IIRC reporting framework since 2018.



Integrated Reporting Association Türkiye (ERTA)

Founded to raise awareness on integrated reporting and integrated thinking throughout Türkiye, ERTA strives to enhance the capacity of businesses and ensure that good practices are shared. The association aims to establish integrated thinking as a core value across all institutions and organizations through collaboration, at a national and international level, with organizations from the public and private sectors as well as non-governmental organizations and academic institutions. İşbank is a member of ERTA.



Refinitiv

Refinitiv Information Limited (Refinitiv) is an international rating agency that measures the environmental, social, and governance performance of organizations. İşbank ranked 4th among 1,097 global banks with a score of 94 out of 100 as of the end of 2022 in the evaluation done by Refinitiv.

Indexes in which İşbank is listed and scored



Sustainalytics

Sustainalytics is an internationally recognized research and rating organization that focuses on sustainability and evaluates the environmental, social and governance performance of organizations.

İşbank received a rating of 18.6 in the ESG assessment for 2022, achieving a "low risk" level.

The Bank's objective is to strengthen its funding structure and become a key player that promotes sustainable and inclusive economic growth by gaining access to green/sustainable funds from international markets by making use of this and other similar ratings from organizations that conduct an in-depth assessment of the Bank's sustainability performance.



FTSE4Good Emerging Markets Index

The "FTSE4Good Emerging Markets Index", launched by the global index and data provider FTSE Russell under the guardianship of the London Stock Exchange, is viewed as one of the key global indices that organizations take into account as they seek to invest in companies that demonstrate good sustainability practices. The index, which was launched to encourage financial institutions to take environmental, social and governance criteria into consideration when making investment decisions, assesses the performance of organizations against such criteria. İşbank has been included in the "FTSE4Good Emerging Markets Index" since 2016. The Bank also aims to be listed in the Dow Jones Sustainability Index in the future.



BIST Sustainability Index

The BIST Sustainability Index was created to help the companies listed in Borsa İstanbul gain a better understanding of sustainability and embrace best sustainability practices and includes only those companies that are publicly traded in Borsa İstanbul and have a top-level corporate sustainability performance.

İşbank has been included in the "BIST Sustainability Index" since 2015. In addition, it was included in the BIST Sustainability 25 Index in 2022 with its successful performance in environmental, social, and governance areas.

Contribution to Sustainable Development Goals

İşbank considers the UN Sustainable Development Goals (SDGs) as an important component of its sustainability strategy and monitors and reports its performance against these goals.

The banking and finance sector has the necessary expertise and resources to be able to offer solutions, both direct and indirect, to global issues. The sector's transformative power and leverage effect on the economy mean that it is well-equipped to make significant contributions to the Sustainable Development Goals.

İşbank indirectly contributes to these goals by providing the necessary funding for solutions that have the potential to help solve the issues associated with the 17 development goals. İşbank directly contributes to 7 goals that fall into its field of activity.

Contributed SDGs	İşbank's Approach	Targets to which the Bank Contributes	Material Topic	Strategic Area
4 QUALITY EDUCATION	İşbank believes that easily accessible and quality education is essential for sustainable development. Therefore, the Bank not only invests in the development of its employees, but also contributes to Türkiye's education quality through programs led as part of its long-term social responsibility projects.	4.1 Ensuring that all girls and boys complete primary and secondary education 4.2 Ensuring that all girls and boys have access to quality preschool education 4.3 Increasing access to technical and vocational education 4.4 Improving technical and vocational skills and entrepreneurship 4.5 Eliminating gender disparities in education 4.7 Achieving literacy and numeracy in the field of sustainable development 4.a Providing inclusive learning environments for all	Employee Rights, Commitment and Satisfaction, Contribution to Social Welfare	Decent Work, Contribution to Social Welfare
5 GENDER EQUALITY	İşbank believes that the participation of women and girls in economic and social life is one of the most important components of sustainable development. Within the scope of the Gender Equality Program, the Bank implements projects that encompass the entire value chain, including its employees, customers, business partners, suppliers, and society at large.	5.1. Ending all forms of discrimination against women and girls everywhere 5.2. Eliminating all forms of violence against all women and girls in public and private spheres, including trafficking, sexual and other types of exploitation 5.5. Ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life 5.a. Undertaking reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws 5.b. Enhancing the use of enabling technology, in particular information and communications technology, to promote the empowerment of women 5.c. Adopting and strengthening sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels	Equal Opportunity and Diversity, Responsible Products and Services, Financial Inclusion	Decent Work, Responsible Banking
7 AFFORDABLE AND CLEAN ENERGY	İşbank supports the transition to a low-carbon economy and puts up the finance for renewable energy investments with the aim of energy transformation. The Bank funds raising for the renewable energy sector by committing itself to utilizing renewable resources in its operations.	7.2 Increasing investments in renewable energy 7.3 Increasing energy efficiency	Climate Action, The Bank's Environmental Footprint	Climate Action, Operational Impact Management

Contributed SDGs	İşbank's Approach	Targets to which the Bank Contributes	Material Topic	Strategic Area
8 DECENT WORK AND ECONOMIC GROWTH	Besides its widespread network of branches and digital banking applications, İşbank also supports access to financial services and contributes to social welfare through products and services developed for disadvantaged customer groups. By making its unbiased and comprehensive economic reports electronically accessible to all, the Bank wishes to allow stakeholders from different backgrounds to benefit from its intellectual knowledge. İşbank also creates value by offering its employees a fair and decent work environment.	8.2: Increasing the economic added value created 8.3: Creating more decent jobs 8.4: Decoupling economic growth from environmental degradation 8.5: Achieving full employment and decent work for all women and men 8.6: Increasing youth employment 8.7: Eradicating forced labor and ending modern slavery 8.8: Protecting labor rights	Responsible Products and Services, The Bank's Environmental Footprint, Combating Climate Change, Financing and Investment Integrating ESG Criteria, Employee Rights, Commitment and Satisfaction,	An Inclusive and Robust Economy, Decent Work
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Supporting sustainable industries and investing in scientific research and innovation are essential to making sustainable development possible. İşbank supports the transition to the new economy by focusing on digital banking solutions, financing infrastructure investments, performing innovative development projects, and supporting startups.	9.2: Promoting inclusive and sustainable industrialization 9.4: Supporting clean and environmentally-friendly technologies 9.5: Increasing the budget for Research & Development activities	Responsible Products and Services, Combating Climate Change, Financing and Investment Integrating ESG Criteria	An Inclusive and Robust Economy, Next-Generation Banking
10 REDUCED INEQUALITIES	The banking sector has an important role and responsibility to provide financial resources so that economic inequalities can be eliminated. İşbank is against all kinds of discrimination. The Bank strives to create sustainable value for all stakeholders by providing a fair work environment, increasing access of disadvantaged groups to financial services, and supporting long-term social responsibility programs.	10.2: Promoting inclusive economic growth for all 10.3: Eliminating discrimination 10.4: Adopting policies that can prevent inequality	Responsible Products and Services, Employee Rights, Commitment and Satisfaction	An Inclusive and Robust Economy, Decent Work
13 CLIMATE ACTION	Supporting the transition to a low-carbon economy, İşbank takes environmental impacts into consideration when offering products and services. The environmental and social impacts of the projects financed are rigorously reviewed to ensure that appropriate actions are taken to minimize/eliminate potential risks that may arise from the projects. As a member of the Net-Zero Banking Alliance (NZBA), in 2022, the Bank continued to support the transition of the real economy to net-zero emissions and carbon-free strategies. The Bank help tackle the-climate change by reducing its environmental footprint.	13.1 Strengthening resilience to climate-related hazards and natural disasters 13.3 Improving awareness on climate change and adaptation	Climate Action, The Bank's Environmental Footprint	Climate Action, Operational Impact Management

02

Reliable Financial Actor

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- 76 Climate Action
- 88 Next-Generation Banking



Related Capital Elements:



Relevant Stakeholders:

- Customers
- Public institutions and regulatory authorities
- Sectoral stakeholders
- Investors and shareholders

Material Topics

- Combating Climate Change
- Financial Performance and Profitability
- Financial Inclusion
- Customer Centricity
- Responsible Products and Services

Risks

High inflation and falling purchasing power because of supply chain disruptions caused by the COVID-19 pandemic

Global uncertainties making long-term planning difficult

Declining customer loyalty as a result of increased digitalization and reduced customer contact

Losing touch with developments such as platform business models and sharing economy, which are essential components of the new economy

Penalties and sanctions that may be incurred due to rapidly changing regulations and non-compliance

Inequalities due to large sub-populations being unable to access financial resources

Reputational risks to the sector due to complex and non-transparent financial transactions and processes

The financial impacts of global and national actions expected to be taken to fight against climate change

Extreme weather conditions and loss of biodiversity as a result of the global failure of actions to address climate change

Opportunities

Increasing customer satisfaction by developing products and services according to their expectations and needs thanks to regular customer communication with experienced İşbank personnel serving customers in addition to digital channels

İşbank's ability to quickly make use of emerging opportunities thanks to its robust financial structure

The Bank's dynamic and proactive business strategy that prioritizes sustainable growth

Increasing the Bank's penetration through products specifically developed for disadvantaged groups

Contributing to the global fight against climate change by offering products and services that support customers' transition to a carbon neutral economy

Expanding the customer base by developing products and services that address the needs of all groups of society

Increasing customer satisfaction by providing customers with accurate and timely information about products and services

Contributed SDGs



Key Performance Indicators

	2019	2020	2021	2022
Total Cash Loan Growth (%)	4.7	27.7	42.9	53.9
Non-performing Loan Ratio (%)	6.5	5.6 (6.5)*	4.1	3.0
Swap-adjusted Net Interest Margin (%)	3.71	4.37	3.14	6.85
Net Fees and Commissions Growth (%)	26.4	0.9	35.6	111.9
OPEX Growth (%)	21.8	20.5	34.9	113.9
Cost / Income Ratio (%)**	38.8	32.9	30.9	25.8
Return on Average Tangible Equity (%)	12.1	11.8	20.0	58.2
Return on Average Assets (%)	1.39	1.25	1.92	5.32
Capital Adequacy Ratio (%)	17.87	18.68 (18.02)*	20.36 (16.53)*	24.36 (21.49)*
Tier 1 Ratio (%)	14.97	14.73 (14.17)*	15.78 (12.49)*	20.51 (17.91)*
Leverage (%)	9.07	7.88	6.75	9.19
Number of Customers (million)	19.50	20.00	20.7	22.8✔
Individual Net Promoter Score Ranking (among private banks)	1	1	1	1✔
Customer satisfaction score (%)	81.2	86.2	90	N/A***✔
Number of people reached through Farmer Meetings	4,485	1,500	1,861	7,000
Number of disabled-friendly Bankamatik ATMs	4,410	4,598	5,113	5,731✔
Number of female entrepreneurs who participated in events to support female entrepreneurs	425	448	267	2,328****
Number of events organized in support of SMEs	34	40	29	19
Number of İŞ'TE SME website views	1,112,126	550,413	439,000	410,278✔
Improving financial literacy and savings awareness	More than 21 thousand students participated in the workshops held at İşbank Museum.	Museum workshops could not be held from March 2020 onwards due to the COVID-19 measures put in place.	Museum workshops could not be held due to the COVID-19 measures put in place.	In 2022, 11,910 students participated in the workshops held at İşbank Museums.
Number of feedback responses communicated to the Customer Relationship Program	466,708	824,456	656,000	693,162

* Excluding impact of BRSA measures.
** Adjusted rates included in 2019, 2020, 2021 and 2022 investor presentations.
*** As of 2022, Retail and Commercial Net Promoter Score are tracked instead of the overall customer satisfaction score.
**** Calculated by including WeLead (Leading Women Entrepreneurship for Accelerating Development) and Arya Women Investment Platform studies.

Financial Performance and Profitability

İşbank maintains its leading position in its sector with its strong capital structure and profitable and successful growth strategy.

The Largest Private Bank in Türkiye

İşbank – the largest private bank in Türkiye – increased its total asset size to TL 1,408.3 billion in 2022. Performing above its targets this year, İşbank maintained its leadership among private banks in terms of the size of total loans, deposits, and equities during the same period.

İşbank is the private bank that makes the most significant contribution to the national economy with a total size of cash loans reaching TL 759.3 billion as of the end of 2022. Loans in TL grew by 75.5%, while loans in foreign currencies decreased by 10.1% compared to the end of the previous year, excluding currency impact.

The resources provided by the Bank to the economy through non-cash loans amounted to TL 246.7 billion as of the end of 2022. At the end of 2022, 53.9% of the Bank’s total assets consisted of loans, while the ratio of its securities portfolio to its total assets was 19.8%. Thanks to its stable growth policy and effective risk management practices in loan allocation processes, İşbank achieved an NPL ratio of 3.0% at the end of 2022.

Extensive Customer and Shareholder Base

İşbank boasts an extensive shareholder base which consists of nearly 240 thousand individual and corporate investors. As of the end of 2022, 37.31% of the Bank’s capital was held by İşbank Members’ Supplementary Pension Fund, which has a membership base of approximately 49 thousand employees and retirees. İşbank was serving 22.8 million customers as of the end of 2022.

Widespread Deposit Base

With its broad network of services and diversified digital contact points, İşbank offers its customers a wide range of products through various channels and continues to be the bank of choice among savers. The total size of deposits of İşbank reached TL 931.1 billion in 2022, with a 56.3% increase. TL deposits increased by 130.4% compared to the end of the previous year, while deposits in foreign currencies decreased by 10.7%, excluding currency impact. Introduced at the end of 2021 and

widely used throughout 2022, “Exchange rate-protected deposit accounts” made a significant contribution to the increase in Turkish currency deposits.

The share of demand deposits in total deposits was 45.5% at the end of 2022. İşbank maintained its leadership among private banks in terms of the size of demand deposits, as well as total deposits and deposits in foreign currencies in 2022.

Diversified Funding Base

Deposits, which accounted for 66.1% of the total liabilities at the end of 2022, continued to be the primary funding source of İşbank. İşbank continued to make use of non-deposit funding sources in domestic and foreign markets in order to diversify funding sources and extend the maturity structure of its liabilities by taking funding costs into consideration. İşbank’s non-deposit sources, which consisted of repo transactions, funds borrowed, securities issued in domestic and foreign markets, and subordinated debts, accounted for 12.3% of the total liabilities at the end of 2022.

Strong and Robust Financial Structure

The size of İşbank’s shareholder equity reached TL 191.4 billion at the end of 2022 with a 120.4% increase compared to the end of the previous year. Maintaining its strong capital structure, İşbank’s capital adequacy ratio was 24.4% at the end of the year.

The Bank achieved a net profit of TL 61.5 billion in 2022 with a return on average equity of 46.8% and a return on average assets of 5.3%.

The Bank’s share in deposit markets calculated based on the monthly sector data dated December 2022 as published by BRSA:

→ A total market share of **14.2%** in savings deposits, with **11.3%** and **15.7%** respectively in Turkish Lira and foreign currencies

→ A total market share of **12.5%** in the total deposits market (excluding Banks deposits), with **9.5%** and **14.1%** respectively in Turkish Lira and foreign currencies.

In Q4 of 2022, consumer loans grew by 9.3% with an increase of TL 7.3 billion, while credit cards and total personal loans increased by 9.5% and 9.3%, respectively, compared to Q3.

Targets

Targets for 2022	Realization in 2022	Realization	Targets for 2023
TL Loan Growth ~45% ⁽¹⁾	75.5%	✓	>40%
TL Deposit Growth ~60% ⁽¹⁾	130.4%	✓	
Return on Average Tangible Equity >40% ⁽¹⁾	58.2%	✓	~30% ⁽²⁾
Swap-adjusted Net Interest Margin >5% ⁽¹⁾	6.8%	✓	>5%
Increase in Net Fees and Commissions Income > 80% ⁽¹⁾	111.9%	✓	~80%
OPEX Growth at Inflation Levels	113.9%		~80%
OPEX / Operating Income 35-36%	25.8%	✓	
NPL Ratio <4% ⁽¹⁾	2.96%	✓	<3%
Net Cost of Risk <125 bp ⁽³⁾	95 bp ⁽²⁾	✓	~150 bp
Capital Adequacy Ratio (excluding impact of BRSA measures) >15%	21.5%	✓	>15%

⁽¹⁾ Revised expectation as of August 8, 2022

⁽²⁾ Return on average equity

⁽³⁾ Including exchange rate effect

Composition of Assets (%)	2022	2021
Cash and Banks	15.8	22.2
Securities	19.8	15.4
Loans	53.9	53.2
Subsidiaries and Affiliates	5.7	4.3
Other	4.9	4.9
Total	100	100

Composition of Liabilities (%)	2022	2021
Deposits	66.1	64.3
Funds Borrowed and Money Markets ⁽¹⁾	12.3	19.6
Other Liabilities	8.0	6.7
Shareholders' Equity	13.6	9.4
Total	100	100

⁽¹⁾ Includes Turkish Lira and foreign currency debt instruments issued and subordinated debts.

Key Financial Items (TL Million)	2022	2021	Change (%)	Ranking Among Private Banks
Total Assets	1,408,323	926,569	52.0	1
Loans	759,289	493,378	53.9	1
Deposits	931,077	595,628	56.3	1
Shareholders' Equity	191,376	86,839	120.4	1

Key Financial Ratios (%)	2022	2021
Interest-Earning Assets ⁽¹⁾ / Total Assets	88.2	89.3
Loans / Total Assets	53.9	53.2
Loans / Deposits	81.5	82.8
NPL Loans / Total Loans	3.0	4.1
NPL Coverage Ratio	74.4	66.2
Demand Deposits / Total Deposits	45.5	47.9
Shareholders' Equity / Total Liabilities	13.6	9.4
Capital Adequacy Ratio	24.4	20.4
Return on Average Equity ⁽²⁾	46.8	18.4

⁽¹⁾ Interest-earning assets include Turkish Lira and foreign currency required reserves.

⁽²⁾ Averages calculated based on quarterly balances.

İşbank and its Activities in 2022

Corporate Banking

With corporate banking services, İşbank provides local corporations and international companies with services and financing solutions tailored to their needs.

> Products and Services: Project Financing, Risk Management Solutions (Hedging), Digital Solutions, Cash Flow Products

> Developments in 2022: In 2022, İşbank focused on sustainable profitability to respond to the end-to-end needs of its customers by considering ecosystem profitability. By deepening the ecosystem networks of legal entity customer groups, product and service infrastructures that digitalize cash flows, especially through next-generation digital banking and digital platforms, were effectively made available to customers. Innovative models were designed to deepen the extensive customer base, especially for regaining customers whose numbers initially had decreased. As a result of all these activities, a significant improvement was made in TL commercial deposits and commission income items at the end of 2022 compared to 2021.

Despite the volatility in the global and national conjuncture, in the business unit where TL/ FX cash loan investments were effectively managed, loan demands were met with a holistic profitability approach by considering the right priorities, keeping the asset quality in the forefront in a way to observe the sustainability of our current loan portfolio and Bank customers. In the funding approach, which prioritizes TL/ FX export loans which provide strong support to the portfolio and asset quality with their deepening and side income/earnings impact on the Bank's customers, their high correlation with the economic growth activity of our country, and their relatively short-term structure compared to other loans, an optimum management approach was shown regarding loan maturity structures and durations.

International Banking

İşbank collaborates with correspondent banks in processing foreign trade transactions and payments of its customers, and effectively manages correspondent bank relations according to the principle of reciprocity. The bank also aims to increase its share in the foreign trade market and obtain funds from international markets. In addition to foreign trade transactions, issuance of letters of guarantee, wire transfer services and TL account transactions to be processed in Türkiye upon demand of customers of correspondent banks, İşbank also fulfills other service demands in accordance with the applicable law. In order to ensure that its customers can complete their supply processes without interruption by facilitating their access to appropriate financing solutions and products according to their needs, İşbank maintains its efficient and sustainable collaborations with export insurance, credit agencies, and other financial organizations.

> Developments in 2022: As of year-end 2022, İşbank had nearly 1,018 correspondent banks in 119 countries. Due to global inflationary pressures and the slowdown in the global economy, the importance of efforts to provide resources for customers' energy efficiency projects increased.

In parallel with the developments in the world and in the sector, İşbank secured two sustainability-linked syndication loans in June and November 2022, and, within this framework, set up various performance indicators related to environmental and social impact, as was done in the syndication loans secured in 2021.

Within the scope of the securitization program based on foreign remittance flows ("Diversified Payment Rights"), the Bank obtained a total of USD 227 million in funds from the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) in August 2022.

In September 2022, İşbank signed a USD 100 million loan agreement with the Asian Infrastructure Investment Bank (AIIB) and realized its first transaction with the relevant institution.

Capital Markets Transactions

With its subsidiaries in capital markets, İşbank continues its brokerage services in capital market instruments such as equity markets, precious metals, derivatives and investment funds and offers custody and fund valuation services. As a customer-oriented bank, it also continues its product development and infrastructure projects to meet customer needs in the best way possible.

➤ **Developments in 2022:** To obtain long-term funding and diversify funding sources, the issuance of debt instruments was continued in 2022 as well.

In 2022, İşbank continued to issue debt instruments of different types and maturities in order to provide long-term funding compared to deposits, diversify the existing funding structure, eliminate the maturity mismatch between asset-liability balance sheet items, and prevent interest rate risk due to short maturity.

By the end of 2022, İşbank issued domestic commercial papers and bonds with a nominal value of TL 4.8 billion through sales to qualified investors and TL 4.9 billion through public offerings, contributing to the diversity of TL-denominated products offered to customers. İşbank maintained its leadership in the brokerage sector with a trade volume of TL 1.1 trillion in the Borsa İstanbul Debt Securities Market as of year-end 2022.

Generating 8.30% of the trading volume in the Borsa İstanbul Equity Market with its subsidiary İş Investment as of year-end 2022, İşbank maintained

its position among the leading institutions in the market.

As of year-end 2022, the number of investment funds for which custody services were provided increased by 46% and their size by 121% compared to the same period of the previous year. The Bank continues to play a leading role in the sector in terms of the number of investment funds and asset management companies it works with.

The investment fund balance, which stood at TL 25.7 billion at the end of 2021, increased by 93% to TL 49.6 billion in 2022 as a result of the intense demand of customers seeking returns. In 2023, when this investor interest is expected to continue, in order to increase asset management commission revenues and provide customers with real return opportunities in a negative real interest rate environment, the Bank aims to organize regular investment fund sales campaigns together with its subsidiary İş Portföy Yönetimi A.Ş through its efforts to develop new products in investment funds, to improve channel-based customer experience, and to continuously train and activate sales and marketing functions. The balance of equities, which stood out as the investment product in which customers showed the most interest in 2022, increased by 207% in 2022, reaching TL 157.5 billion. In addition to the balance, the remarkable increase in the volume of customer share transactions in 2022 made a positive contribution to the Bank's commission income.

Commercial Banking

In compliance with its mission, İşbank stands by industrial organizations, tradespeople, SMEs and other miscellaneous businesses. Being present at all points of commerce, İşbank offers products and services that create value for its customers throughout Türkiye with its widespread branch network.

➤ **Products and Services:** Business Credit Card, Maximum İşyerim, POS, ÇekCepte, Instant POS, Instant Commercial Loan, Instant Commercial Products, Digital Overdraft Current Account, Maximiles TIM Exporter Card, Instant Agriculture Loan, SME Loans, İmece Card, İşim Card, Tarsim, İmeceMobil, DijitKolay, Denizleri Koruyalım (Let's Protect the Seas) Loan, Digital Supplier Finance System, Project Financing, Risk Management Solutions (Hedging), Digital Solutions

Private Banking

İşbank Private Banking continues to offer customized investment products according to the needs and preferences of its customers through its asset management-oriented business model structured in cooperation with the Bank's subsidiaries İş Portföy, İş Yatırım, and Anadolu Hayat Emeklilik.

➤ **Products and Services:** Asset Management, Privia Black Credit Card, Privia Investment Fund, Privia Consumer Loans, Privia Pension Plan, Privia Motor Insurance, Financial Status Report, Privia Line

➤ **Developments in 2022:** Privia Black credit card, which is designed to be allocated only to private banking customers and provides privileged advantages in luxury brands and companies in line with the expectations of customers, was offered to customers in April 2022. By the end of 2022, 70% of private banking customers with credit cards were allocated Privia Black credit cards. As of year-end, with the contribution of the Privia Black credit card, credit card expenditures of private banking customers increased by 168% compared to the previous year.

The Bank's asset management-oriented business model, integrated with its subsidiaries, aims to meet the needs of customers in all areas of life with high standards of service delivery. Within this scope, the Bank adopted an agile working model called the Subsidiary Desk, which was implemented with

competent personnel from İş Portföy, İş Yatırım, Anadolu Hayat Emeklilik, and Anadolu Sigorta subsidiaries, and products and services were offered to customers in a coordinated manner.

As a result of the work carried out within the framework of an aligned structure;

- The total amount of funds managed in cooperation with İş Portföy increased by 55%, including family funds.
- Participation share generation in Anadolu Hayat Emeklilik products grew by 26%, while the total amount of savings grew by 76%.
- Anadolu Sigorta premium production grew by 126%.

In line with the strategy of expanding private banking service points, efforts were accelerated for commercial company partners in need of asset management, and it was aimed to improve and deepen the use of money and capital market products.

In addition, İşbank Private Banking offered its customers various arts and sporting events throughout 2022, depending on their tastes and preferences.

İşbank Private Banking was named the best bank in Türkiye in the Family Wealth Management and Financial Planning category in the Euromoney Private Banking and Wealth Management survey in 2022.

Payment Systems

İşbank's activities in the field of payment systems have a simple goal: to offer "standing by its customers with a perfect user experience" when they need it. Therefore, to ensure ease of use of its products and services for daily use, the Bank tries to understand the needs of users with an average level of financial literacy while designing products and services that will be commonly used.

➤ **Products and Services:** Personal and Business Credit Cards, Personal and Business Debit Cards, MaxiPara Cards, İmece Cards, Dealer Cards, Instant Card Applications, Applications for Money Transfers Between Cards, Virtual and HCE Cards, Interest and Fee Applications, Deferred Payment with Interest and Installment Transactions, Installment Limitations,

Account Statement, Repayment and Duration of Delay, Points and Miles Applications, Co-branded Card Applications, Contactless Payment

➤ **Developments in 2022:** The Moka Super POS (Virtual) campaign, which enables small and medium-sized companies to make installments to different bank cards with a single virtual POS, started to be offered to our customers through our İşÇep and Commercial Internet Branches.

By being integrated with transportation infrastructure providers in various cities of Türkiye, it became possible to use contactless credit and debit cards as transportation cards by scanning them through the Bank's contracted merchant system.

Cross-Border Banking

İşbank Group carries out its cross-border banking operations through its branches, subsidiary banks, and agencies abroad. İşbank has a presence in 11 different foreign countries. 9 of a total of 33 branches belong to Frankfurt-based (Germany) İşbank AG, whereas Moscow-based (Russia) JSC İşbank has 1 and Tbilisi-based (Georgia) JSC İşbank Georgia has 2 branches. In addition, there are 2 representative offices in Kazan and St. Petersburg, which are affiliated with JSC İşbank. In addition to the aforementioned, İşbank has 2 branches in Iraq, 2 in Kosovo, 2 in the UK, 1 in Bahrain and 14 in the Turkish Republic of Northern Cyprus (TRNC). The Bank has 2 representative offices, one in Shanghai (China) and the other in Cairo (Egypt).

➤ Developments in 2022: İşbank stands out in Iraq, especially with the international banking services it offers through its Erbil Branch. In addition to mediating a significant portion of the trade between the two countries, the Bank contributes to businesses that generate added value for the region. Through its two branches operating in Iraq, the Bank also mediates letter of guarantee transactions addressed to the counterpart institutions and organizations in the country. In 2022,

the volume of cash loans and customer deposits increased by 22.76% and 15.73%, respectively.

The year 2022 was a year in which İşbank received positive results from its activities to collect widespread deposits and increase the number of customers in Kosovo.

The positive relations established with the Gulf Region countries through the Bahrain Branch contributed to İşbank's efforts to diversify its funding base.

In 2022, İşbank moved to its new service building in the UK and continued to offer all banking services to its customers. The level of relations with London-based companies was raised, and significant increases were achieved in contracted merchant transaction volumes.

Preparations to develop a modern mobile banking product for İşbank's customers in the UK, Kosovo, and Iraq were completed. As of 2022, it has been made available to our customers.

As of year-end 2022, the size of the total assets of İşbank's organizations based in foreign countries was USD 5.8 billion. The Bank's foreign subsidiaries and foreign branches account for 37.9% and 62.1% of this figure.

Digital Banking

➤ Developments in 2022: The primary components of digital banking are to engage in contextual interaction with customers, offer personalized and innovative services, and provide an end-to-end seamless experience. The number of İşbank's digital banking users increased by 27.5% compared to 2021 and reached 13 million. The share of non-branch channels in transactions increased to 96.16% while the share of digital channels in sales rose to 65%. In 2022, 20% of the Bank's new retail customers were acquired end-to-end digitally through our "becoming a customer remotely" service via the İşCep application. Together with those who started the process on İşCep and completed it at the branch, this ratio rises to 29%. In addition, the Nays application, which debuted on app stores on June 21, 2022, reached 2 million downloads and 1.4 million registered users, 68% of whom established a new relationship with İşbank, and 55 thousand users became İşbank customers by the end of 2022.

In 2022, 87 new functions were added to İşCep. Among the new functions added to our digital channels, the most prominent ones were the renewal of the money transfer and investment fund screens to maximize the experience, participation and tracking of card campaigns, mobile contactless payment, available limit suggestion, money transfer to cryptocurrency companies, installment commercial additional account, and Moka Super POS application. Within the scope of the ongoing developments for Forest for the Future (Geleceğe Orman) (); leader race, participation points, carbon point history, and point earning display in task detail, as well as suggestions to reduce carbon footprint were activated.

Within the scope of API developments and integration efforts, the Bank maintained its position as the bank with the highest number of integrations among competing banks and continued to be among the leading banks in terms of API diversity.

Treasury Management

➤ Developments in 2022: The Treasury operations were managed according to the principles of the Asset/Liability Management Risk Policy, in parallel to the liquidity, interest and exchange rate risks, the principles of sustainable profitability, and the Bank's risk appetite. Potential risks that may arise from the interest rate structure and İşbank's FC position, which is managed as an important element of the liquidity composition, were followed up ad-hoc and on a scenario basis, alongside other interrelated positions. Effective risk management was exercised by utilizing derivative products, along with money and capital markets products depending on market conditions.

İşbank's main goal is to optimize the risk-return balance and reinforce its balance sheet structure through a sustainable and profitable growth strategy by focusing on loan and investment portfolios, effective use of capital, and dynamic management

of FC and liquidity positions as well as cost control. Accordingly, the Bank created a flexible balance sheet composition by taking into consideration all elements, including expansion of the deposit base, i.e. the main source of funding, and diversification of non-deposit sources, optimization of risk-return balance, and fulfillment of customer needs.

In the first quarter of 2022, the main agenda was dominated by exchange rate-protected deposits, in the second quarter by the macroprudential measures implemented in coordination with the HMB, CBRT, BRSA and CMB, and in the third quarter by the increase in the weight of these measures and additional liabilities introduced as part of the "Liraization" strategy. Loan, collateral, and liquidity policy steps focused on strengthening the effectiveness of the monetary policy transmission mechanism had an impact on the balance sheet management decisions of banks.

Personal Banking

İşbank's activities in the field of personal banking are shaped around the principal target of "becoming the customers' financial solution partner of choice in every stage of their lives". The Bank's operations are built on a single strategy: to obtain a timely and accurate understanding of the customers' needs in order to offer them the best possible solution and experience.

➤ Products and Services: Remote Customer Acquisition, Private Pension for My Child, Exchange

Rate-Protected Deposits, Artificial Intelligence- and RPA-assisted applications, real-time analytic application development, Remote Customer Management, Forest for the Future

➤ Developments in 2022: 21% of our new customers were acquired through the end-to-end digital remote customer acquisition method. With 175 thousand participants under the age of 18 in the Private Pension System, İşbank maintained its position as the sector leader.

İşbank's Subsidiaries

As an integrated group, İşbank has acquired many subsidiaries in line with its mission to support the industrial and economic development of Türkiye.

İşbank's Subsidiary Policy involves:

- Strengthening the strategic perspective on the activities of current subsidiaries on a corporate level by taking risk/return balance and market conditions into consideration,
- Pursuing growth for all subsidiaries, from those newly incorporated to mature ones, through organic and inorganic methods, and
- Ensuring that our companies are among the pioneering and leading companies in their respective sectors and increasing their market value.

As of year-end 2022, the Bank directly and indirectly holds shares in 136 companies, 113 of which are controlled by the Bank. The Bank directly holds shares in 29 companies.

These companies accounted for TL 82.8 billion of the Bank's total assets as of the end of the year. Türkiye Sınai

Kalkınma Bankası A.Ş., Anadolu Hayat Emeklilik A.Ş., İş Finansal Kiralama A.Ş., İş Gayrimenkul Yatırım Ortaklığı A.Ş., İş Yatırım Menkul Değerler A.Ş., and Türkiye Şişe ve Cam Fabrikaları A.Ş. represent 73.9% of this subgroup of the Bank's assets and are publicly traded on Borsa İstanbul. Anadolu Anonim Türk Sigorta Şirketi, İş Girişim Sermayesi Yatırım Ortaklığı A.Ş., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş., and İş Yatırım Ortaklığı A.Ş. are the other publicly-held Group companies controlled by İşbank through indirect shareholding.

As of year-end 2022, the portfolio accounts for 5.9% of İşbank's assets. İşbank's subsidiaries operate in the USA, Germany, United Arab Emirates, Bosnia and Herzegovina, Bulgaria, China, Georgia, India, Netherlands, England, Spain, Italy, Hungary, Egypt, Romania, Russia, Slovakia, Ukraine, Singapore and TRNC.

For the performance of our subsidiaries in 2022, please visit the section "[İşbank's Subsidiaries](#)".

 ANADOLU HAYAT	 A&T BANK	 İŞ LEASING	 İŞ GYO	 İŞMER
 İNSAN İÇİN TEKNOLOJİ	 İŞ YATIRIM	 İŞBANK AG	 İŞBANK	 KB
 TÜRKİYE ŞİŞE VE CAM FABRİKALARI	 MİLLÎ REASÜRANS	 moka	 TRAKYA YATIRIM HOLDİNG	 TSKB
 ŞİŞECAM				

Customer Centricity

Acting in line with its strategy of "being the closest bank to customers", İşbank focuses on customer experience in all its systems and processes and continues its activities with the goal of being a reliable, easy to work with business partner that its more than 22 million customers can access when required.

Customer Satisfaction

Understanding the changing needs and expectations of customers and striving to ensure unconditional customer satisfaction through innovative, fast, and user-friendly solutions, İşbank monitors customer satisfaction levels throughout the year through various channels and methods.

İşbank's customer satisfaction and Net Promoter Score (NPS) are compared with peer banks through independent research companies. According to the results of individual NPS surveys conducted by independent research companies, İşbank managed to maintain its leadership in this area in 2022 as well.

In addition to the support of the research company, continuous measurement studies are being carried out using İşCep in-app NPS surveys, end-of-transaction effort/satisfaction surveys, and expectation surveys via e-mail/phone. In addition to digital channels and channels such as e-mail/SMS, satisfaction measurement studies are also conducted through physical media such as in-branch kiosk surveys and photoblocks. In measurement studies, feedback is collected by displaying surveys to customers at the end of their transactions, including customer journeys, and single transactions and workflows which result in

an error; this feedback is used in the development and presentation of new products/services.

In 2022, next-generation analytical capabilities were acquired to improve the service experience on digital channels that have become customers' primary touch point and to offer real-time contextual suggestions and guidance to customers on digital channels, especially İşCep. For this purpose, analyses based on behavioral data of customers were conducted, and more than 70 million interactions were created in 2022. While correct suggestions and guidance were offered to customers in times of need through these interactions, solutions were created for smooth completion of transactions in challenging situations. Customers submitted 1.2 million product applications, and they were provided with guidance to ensure that more than 3 million transactions could be seamlessly performed via digital channels.

In 2022, the "Net Promoter Score" of Private Banking customers was measured through a survey conducted during the year, and the satisfaction score was realized as 69. Customer feedback was used as input in product and service development and delivery processes.

The satisfaction score was measured as 73% in 2018, 74% in 2019, 78% in 2020, 82% in 2021, and 76% in 2022 over the kiosks and QR-coded Photoblocks in the branches. The decrease in branch transactions during the pandemic had a positive impact on customer satisfaction in 2020 and 2021. Branch experience is monitored in terms of employee interest, transaction speed and transaction quality, Bankamatik ATM experience in terms of device cleanliness and menu convenience, and İşCep experience in terms of application speed and menu convenience. In line with customer feedback, actions are taken to improve the experience in our channels.

İşbank closely monitors changes in customer behavior, expectations and consumption habits and carries out various projects and practices to respond proactively to this change. Accordingly, in 2022, an Advertising and Brand Health research study was conducted through an independent research firm to see the effects of the Bank's advertising activities related the Bank's core banking products and payment systems products on the Bank's customers and other bank customers and to measure the perception of the Bank and its Maximum brands. The results of the research were shared with the Bank on a weekly, monthly and quarterly basis.

Over **4 million** customer feedback responses have been obtained so far in digital measurement studies. 2022 İşCep Net Promoter Score was **57%**, Branch Satisfaction Score was **76%**, and Bankamatik ATM Satisfaction Score was **86%**.

Customer Feedback

İşbank collects customer feedback through channels such as its corporate website (www.isbank.com.tr), Internet Branch, İşÇep, call center, branches, e-mail, fax, letters, official institutions and organizations, and social media. Applications submitted by the customer to the Bank are evaluated within the Customer Relations Platform (MIP) and efforts are made to find solutions as quickly as possible. Customers' demands and complaints on social media and other online platforms are also closely monitored.

The actions taken by the head office divisions to improve the customer experience are presented to the Board of Directors quarterly, together with a report on the distribution and course of customer requests and complaints.

As per legislation, the number of applications submitted by financial consumers in the form of objections or complaints that involve issues, grievances or dissatisfaction with the individual products and services, as well as the breakdown of such applications on a per-subject basis and the associated resolution times, are reported to the BRSA quarterly, and this data is also submitted to the Banks Association of Turkey (BAT) at the same time. The data submitted by banks is then consolidated by BAT and communicated to the member banks quarterly.

The cumulative number of complaints received by İşbank for 2022 is 312 thousand, and the Bank ranks 3rd among member banks of BAT.

Statistical data and explanations regarding the content and distribution of customer requests and complaints submitted to the Bank and the responses given to customers are reported to senior management quarterly. In 2022, 207,117 customer complaints were received.

In 2022, Customer Relations Program (MIP) received 192,531 applications.

In 2022, İşbank Call Center received 20 million calls and has held the EN ISO 15838 "Call Communication Centers Standard" Certificate since 2011.

In 2022, İşbank received nearly **748 thousand** feedback responses from various channels, and **92%** of this feedback, remaining after excluding duplicate and non-response applications, was addressed through the MIP.

Changes to Existing Products and Services as a Result of Customer Feedback

- With the SoftPOS infrastructure, Pos'um Cepte, which transforms Android mobile phones and tablets into POS devices, was provided with multi-terminal and employee feature functions; thus, the mobility of the application was increased by enabling company employees to receive payments without the requirement of being a Bank customer.
- Credit card customers logging in to İşÇep were offered pre-approved credit card limits; the application enabled a limit increase of TL 3.1 billion in one month.

- Customers started to be informed via SMS and Push before the expiration of the MaxiPoints they earned from campaigns. Customers using Advance MaxiMiles/MaxiPoints started to be informed a certain period before the end of the advance closure date. Within the scope of Maximum Mobile/Pazarama activities, MaxiMiles and MaxiPoints were made available for hotel payments on the Pazarama Tatil page.
- The "Invoice saving" feature was introduced to İşÇep and credit payment plan information was added in accordance with customer requests. It was made possible to change the credit card delivery address on İşÇep. In investment fund purchase transactions, fund details and portfolio breakdown were displayed, and display of pensioner promotion information and renewal was enabled.

Informing Customers

In line with the responsible banking and customer centricity approach, İşbank provides its customers with accurate and up-to-date information in an open and transparent manner through various channels. Explanations regarding the Bank's products and services are made in a way to include all the details the customer needs about the product and service, especially legal requirements. The Bank makes investments to develop the skills of those employees who, directly or indirectly, offer customers such information in this area.

In 2022, the Bank did not incur any penalty due to non-compliance with regulations on customer information requirements.

Customer Information Channels

- New products and services to be made available to customers via digital channels are shared with the İşbank Phone Banking teams to be announced to customer representatives to prepare them for potential customer inquiries before such products and services are delivered.
- New products and features to be added to İşÇep are explained in the description field in the app store. In addition, videos are posted about the Bank's products, campaigns, and services in the Stories section of İşÇep.
- Guidance messages are displayed to customers in digital channels. Regarding the potential errors or problems encountered in digital channels, the customer relations service and the call center are immediately notified to ensure that proper guidance is provided and that the errors and problems are re-directed to the related divisions.
- Communication campaigns such as mailing, advertisement and announcement are carried out to inform customers about digital channels. The Bank's corporate website provides detailed information about the digital channels, transaction sets and security practices.
- Private banking customers are given information in person about products, services, and investment

alternatives. Customers can also get detailed information about products and services by visiting privia.com.tr.

- SME and Enterprise Banking customers are provided with up-to-date information about products and services through customer visits and various channels including İşÇep, the corporate website, corporate social media accounts, Maximum İşyerim application, İŞ'TE KOBİ website, ATMs, e-mail, and SMS.
- QR Codes are included in printed brochures, posters, newspaper and magazine adverts to ensure that customers can access detailed information about the product in question by visiting the corporate website.
- In addition to the application instructions used for providing information to customers at branches, İşbank also publishes all the details needed about its products via its corporate website isbank.com.tr.
- Product information forms are available for special deposit products that are non-standard in personal banking.
- Agricultural Banking customers are kept up-to-date about products/services through digital channels, especially İşÇep, the corporate website and Maximum İşyerim application, and e-mail, Bankamatik ATMs, SMS channels, and customer visits.

Responsible Products and Services

With its responsible product and service offering approach, İşbank develops products and services that take into account the different life stages, economic needs, and sectoral requirements of its customers, and that are easy to understand, encourage savings awareness, cover all segments of society, and aim to increase financial literacy.

All products and services of İşbank are evaluated within the scope of risks that may be exposed, due to products, services or activities defined in the Bank's legislation. During the master plan studies for 2022, in order to ensure products, services, and activities to be developed are evaluated from a sustainability point of view, an article that allows a product's environmental and social benefits to be questioned and whether the product supports sustainability activities has been added.

Responsible Marketing

İşbank accepts it as a key responsibility to provide its customers with consistently accurate, transparent, and clear information about its products and services. With a customer-oriented approach, the Bank offers its customers information that facilitates their decision-making process and meets their requirements and informs its customers thoroughly and accurately about the benefits and risks that may arise. Communication does not include misleading, complex, and contradictory statements or duplicate information. For İşbank's responsibility and working principles, please review [“Ethical Principles and Operational Rules”](#).

Products and Services for Increasing Awareness on Savings

Aiming to promote saving awareness in all segments of society, İşbank maintained its position as the bank with the largest deposit base among private banks in the third quarter of 2022 as well. As of year-end 2022, total deposits grew by **56.3%** to reach TL **931.1** billion.

Üstü Kalsın (Keep the Change)

Offering customers the opportunity to save money without changing their shopping habits, the Üstü Kalsın (Keep the Change) application transfers the difference created by the customers with credit cards and investment accounts to round up their credit card debt to a higher amount of their choice to be deposited into an investment savings account. As of December 2022, the number of investors using the application reached 124 thousand, with a total fund size of TL 90.7 million.

Digital Moneybox

Introduced for those under the age of 18 to be able to save money through digital channels, the Digital Moneybox is the digital form of the Classic İşbank Moneybox, one of İşbank's iconic products.

Moneybox Hybrid Fund

The Moneybox Hybrid Fund is a “savings” fund that contributes to investing in the future of children today and creating awareness on saving at an early age. Being the first investment fund developed for children, the Moneybox Hybrid Fund ranks first among similar funds in the sector in terms of number of investors. As of the end of December 2022, the Moneybox Hybrid Fund had nearly 141 thousand investors and an investment size of nearly TL 851 million.

Gold Banking

At İşbank, customers are offered the opportunity to save money with Time or Demand Deposit Gold Account options. Gold Meetings are also held at branches in order to bring the so-called “under the mattress savings” into the banking sector and to secure precious jewelry against the risk of loss and theft. There is also integration with the Jewelry Gold Valuation System (KAD-SİS). Gold or jewelry items brought by customers are deposited into the Demand Gold Account in grams of gold.

Robofon

The Robofon Consultancy service, managed by İş Portföy, provides fund consultancy services to clients who wish to save even small amounts. The Investor Profiling Module of the Robofon Consultant, made available at İşCep and the Internet Branch, analyzes the investor's current financial situation and needs and determines their risk perception. At the end of the process, the most suitable fund for the individual is found among the Robofon Family. Fund consultancy services were successfully provided in 2022, as well, and the total number of customers completing the investor profile questionnaire and receiving fund advice exceeded 210 thousand.

İşCep Personal Finance Management

İşCep Personal Finance Management allows customers to view their assets in the Bank as well as their assets in Anadolu Hayat Emeklilik and İş Yatırım from a single location and to easily control their financial transactions. Thus, while keeping their payments and expenditures under control, customers can also direct their savings.

Regular Savings Order

With the aim of directing not only assets of a certain amount but also small savings to regular savings, the Regular Savings Instruction service was introduced to İşCep in 2022, enabling customers who invest their savings in time deposit products to make one-time or regular transfers from their demand deposit accounts to their time deposit accounts at maturity.

Maximum Time Deposit Account

Maximum Time Deposit Account secures automatic payments of individual customers who want to invest their savings in the short term while earning overnight interest on their deposits.

Daily Earning Account

The Daily Earning Account, which can be opened via İşCep or Internet Branch, offers customers the opportunity to utilize their savings on a daily basis compared to long-term accounts. As of the end of 2022, the Daily Earning Account balance amounted to TL 3.3 billion.

Exchange Rate-Protected Deposit Account

At the end of December 2021, within the “Communique on Encouraging Conversion of FX Deposits to TL Time Deposit and Participation Accounts” published in the Official Gazette, 2 different products, “FX-Protected TL Time Deposit Account for Customers Converting from FX” and “FX-Protected TL Time Deposit Account” were made available to customers to protect their savings against fluctuations in exchange rates and to support financial stability by increasing the share of TL deposits in total deposits in the banking system. In 2022, “FX-Protected TL Time Deposit Account for Customers Converting from Gold” and “Deposit Account for Citizens Residing Abroad” (YUVAM) and FATSi accounts were also introduced in accordance with the additional regulations issued by the Central Bank of the Republic of Türkiye (CBRT). Account types other than FATSi, which can only be opened at branches, can also be opened via İşCep and Internet Branch. Total Balance of FX-Protected Time Deposit Accounts was TL 130 billion at the end of 2022. Excluding bank deposits, savings invested in FX-Protected TL Time Deposit products accounted for 13.64% of the Bank's total deposits in the first twelve months.

Financial Literacy

🔍 Tailored "Private Hedge Funds"

The expectations of private banking customers, who have a high level of knowledge about financial products and high return expectations in the areas of professional asset management and investment instruments that provide an optimal risk/return balance offered by expert staff, were met through forward exchange funds, personalized hedge funds, and family funds that provide intergenerational wealth transfer in a return-oriented manner.

🔍 Human Rights and Social Impact Evaluations in Investment and Loan Activities

In İşbank's investment and loan activities, human rights and social impacts are taken into account as well as environmental impacts, and practices are requested to eliminate human rights violations and negative social impacts.

In the risk assessment model used for human rights and social impacts, there are variables related to matters such as child and forced labor, community and occupational health and safety, working conditions, job conditions, OHS management systems, forced resettlement, loss of livelihoods, stakeholder communication, gender equality, sexual harassment, and discrimination.

Investments that are to be financed by the Bank and assigned the risk score A (high risk) based on the Environmental and Social Risk Evaluation are subject to an impact evaluation, including the Social Impact Assessment (SIA), in accordance with the requirements of international standards.

"Public Participation Meetings" are held in all investments that require local EIA as a minimum, and additional stakeholder communication meetings and corporate social responsibility activities are carried out within the scope of stakeholder participation in all financing subject to environmental and social risk assessment.

In large-scale infrastructure investments are financed by İşbank, corporate social responsibility budgets are allocated to projects to eliminate or mitigate potential negative impacts that may arise due to investments, and positive impacts are increased by developing processes for the benefit of stakeholders in the impact area of the projects. In particular, loss of livelihoods due to land acquisition and forced resettlement are among the most common impacts of investments. Individuals and groups affected by the project are identified and classified through the "Replacement Plan" and "Restructuring of Livelihoods" plans, and appropriate action is taken to eliminate impacts.

For highway projects, the Bank developed various social responsibility projects such as upgrading the roads, schools and water pipelines in villages located along the route of the highway, donating agricultural machinery, providing seed support, offering art development training programs for women stakeholders and supporting education via specific annual budgets for villages that rely on agricultural activities.

The most common impacts of financed investments include loss of livelihood and forced resettlement due to land acquisition. As a result of the expropriation or consolidation of privately owned lands in a number of investments, some households were subjected to compulsory replacement or significant loss of livelihoods due to the relocation of workplaces. For those projects subject to financing at international standards, individuals and groups affected by the project were identified and classified through the "Replacement Plan" and "Restructuring of Livelihoods" plans, and appropriate action was taken to eliminate impacts.

In order to increase financial literacy within society to enable customers to make the right decisions regarding their financial assets and increase trust in the financial sector, İşbank aims to increase the level of financial literacy of every segment of society and every customer from each segment.

Blog posts and training content were published on the İŞ'TE KOBİ website, www.istekobi.com.tr, in order to improve the financial literacy of tradespeople, women entrepreneurs, SMEs, entrepreneurs, and farmers. Additionally, the İŞ'TE KOBİ website includes a specific area where visitors can ask questions and receive answers from experts about various topics such as taxation processes, how to incorporate a new company, and benefits for women entrepreneurs.

Financial literacy workshops are organized at the İşbank Museum.

The Bank carries out activities to increase the financial literacy of women in particular. In line with these efforts, in 2022;

- Under the WeLead (Leading Women Entrepreneurship for Accelerating Development) Project carried out in cooperation with TÜRKONFED, face-to-face trainings on Introduction to E-Commerce, Entrepreneurship, Digital Marketing, Sales in Marketplaces, and Gender Responsive Procurement were held in various provinces of Türkiye, while online trainings were provided on Company Establishment and Taxation, Entrepreneurship, Introduction to E-Commerce, E-Accounting, E-Invoicing, Micro Export, Trademark, Patent and Design, Quality Process Improvement and Process Development, and Facebook Ad Panel.
- In the Entrepreneur and Investor Academies and Business Workshops organized in cooperation with the Arya Women Investment Platform, the Bank continued to offer training series that contributed to the financial literacy of women entrepreneurs free of charge.

- Financial Literacy and Marketing Training was provided for the Amesia Bee Women's Cooperative. Within this scope, 14 women benefited from the training opportunity.

- Local farmer meetings are held every year to improve the digitalization and financial literacy of farmers. In 2022, 7,000 farmers were reached through 39 meetings. Additionally, with the "İmeceMobil" application, which can be downloaded free of charge, financial, digital, and agricultural literacy support is provided to farmers.

Economic Research

İşbank's Economic Research Division closely monitors cyclical, structural and macroeconomic developments in both the national and global economy and prepares periodic reports. These include "Daily Market Bulletin", "Weekly Bulletin" and "Monthly Economic Review". The Division also analyzes important data regarding the Turkish economy economy and shares them on its website at ekonomi.isbank.com.tr. "Data Analyses" reports consisting of Economic Growth, Inflation Developments, Budget Balance, and Balance of Payments are published monthly within this scope.

In 2022, 6 Recent Sectoral Developments bulletins and 12 sectoral reports were published. The sectoral reports were about agriculture, agricultural foods for export, cereals, snacks food, passenger transportation, maritime transportation & ship and yacht building, electricity, road freight transportation, steel, non-ferrous and precious metals, construction and logistics real estate & infrastructure projects and overseas contracting sectors. In addition, the impact of the Green Deal on sectors and the "Sectoral Expectations for 2022" reports published in February were presented to all stakeholders of the Bank. In addition, the "Consumption Expenditures By Sectors" study is updated and published on monthly basis.

Financial Inclusion

İşbank aims to increase and ensure fair distribution of social welfare by developing products and services for all segments of society.

SME Banking

Digital Anatolia

The Digital Anatolia project was launched in 2018 in cooperation with TÜRKONFED in order to contribute to the digital transformation of Anatolian SMEs producing in Anatolia and to determine a roadmap for digital transformation on a sectoral basis. Within the project, online broadcasts focused on digitalization and sustainability are organized for SMEs with the participation of senior executives from leading companies in the sector and experts in their fields.

The live broadcasts of the Digital Anatolia meetings reached a total of 13,251 individual viewers in 2022. By adding the recordings to the YouTube account, a comprehensive archive is created, and more people are reached in the digitalization of SMEs.

DijiKolay

DijiKolay was launched in 2021 to address the expectations and needs of SME and Business segment customers regarding digitalization with a holistic approach, bringing together solutions that include the products, services and applications of digital service providers and the Bank's existing digital transformation campaigns and services in a single location.

In 2022, the Bank worked towards enriching the products and services included in DijiKolay, making DijiKolay a "live service" that addresses customer expectations and thus contributes to the digitalization efforts of the Bank's customers and firms in the sector, managing customer experience in a positive manner and acquiring new customers.

İŞ'TE KOBİ

İŞ'TE KOBİ website, which was established in 2009, was provided SMEs with the most up-to-date sectoral information and news they needed in 2022. They were also able to digitally access trainings on a wide range of topics such as e-commerce, entrepreneurship, technology, marketing and sales, human resources, and leadership. In addition to SMEs, content was also offered in the segments of tradespeople, entrepreneurs, farmers, and women entrepreneurs.

To date, over 7 thousand news reports and over 4

thousand videos, articles, and training content have been presented on the website, directly contributing to the way they do business. İŞ'TE KOBİ viewed more than 21 million times by 10 million visitors, İŞ'TE KOBİ was viewed 410 thousand times in 2022.

Collaboration with KOSGEB

İşbank contributes to SMEs' access to financing and supports tradespeople in areas affected by natural disasters via support programs co-executed with the General Directorate of KOSGEB (Small and Medium Scaled Industry Development and Support Directorate of Turkey).

Accordingly, as part of its natural disaster relief programs, loan disbursements under the protocols signed in 2021 for Edirne, Artvin, Düzce, Rize, the provinces of the Western and Central Black Sea Region, and the districts of Van affected by floods and forest fires, as well as Istanbul İkitelli OSB Emergency Support Loan Protocols also continued in 2022. Protocols were also signed for the Emergency Support Loan for the Tuzla district of Istanbul province and the KGF Supported SME Financing Support Program with Employment Commitment. As part of these supports, 167 disbursements of TL 264,288,800 were made. Additionally, the Bank continued to offer loans under the "KOSGEB SME Finance Support Program Protocol" signed in 2021, lending TL 95,127,000 through 1,517 individual loans. Within the scope of the Support Campaign for Tradespeople and SMEs, TL 5 billion of financing was provided.

Exporter Card & Maximiles TIM Exporter Card

İşbank launched the "Exporter Card" in 2016, a first in the industry for exporting SMEs. Thanks to the this card, export companies both benefit from all the features of company credit cards and earn MaxiPoints from the export transactions that they carry out through İşbank. The number of Exporter Cards and Maximiles TIM Exporter Cards increased from 8,648 at the end of 2021 to 10,371 at the end of 2022.

Protocol with the Türkiye Exporters Assembly

As of year-end 2022, the total amount of financing provided to SMEs in cash and non-cash loans reached **TL 243.9 BILLION**.

(TIM) and Export Support Loan Campaign

Loan rates are offered within the scope of the "Exporter Support Protocol" signed between İşbank and the Türkiye Exporters Assembly (TIM) in order to finance exports, which includes various loan types such as "Female Entrepreneur Export Support Loan" and the "Fair Participation Export Loan". Within the scope of the relevant protocol, a total of USD 44.6 million was disbursed to exporter companies in 2022. With the placement of USD 91.7 million provided under the Export Support Loan Campaign, another special campaign organized by the Bank for exporters, a total of USD 136.3 million was disbursed in 2022 within the scope of these two campaigns.

Support to the Agricultural Sector and Farmers

In line with the Sustainable Development Goals, İşbank carries out activities that bring together agriculture and technology with an innovative perspective and support the financing needs arising at this point with the most appropriate methods, contributing to increased productivity in agriculture.

Thanks to the "İmeceMobil" application, which has 190 thousand users, financial literacy and income-expense tracking support is provided to farmers, and farmers can make İmece Card and agricultural loan applications without going to a branch. In addition, satellite services and expert-assisted special services available for use in the İmeceMobil application, which can be downloaded free of charge, enable farmers to monitor the condition of their lands and the health of their crops. The application also prevents excessive fertilization that pollutes the environment by offering fertilization suggestions and helps farmers avoid incorrect irrigation practices by making irrigation suggestions to reduce water use, allowing them to control costs and achieve better crop yields. 4,500 farmers benefited from services specific to sustainable agriculture such as irrigation, fertilization, and satellite, an area the size of 40,000 football fields was saved from over-fertilization, enough water to fill 8,500 Olympic-sized swimming pools was saved, and these services were used at a total of 120,000 decares of land, increasing the yield of these fields.

Thanks to the recommendations given to farmers as well as the data obtained from 30 agricultural monitoring and forecast tools granted to them under the Digital Agriculture project led in collaboration with Vodafone Business, a decrease in the use of inputs, including agricultural fertilizers, pesticides and water, an increase in productivity and a decrease in environmental waste continue to be achieved. The project provides early warning, irrigation, fertilization, and spraying recommendations. The project, which has been carried out by İşbank and Vodafone

Business since 2019, won an award in the Corporate Collaboration category at the Sustainable Business Awards 2022.

The Workup Agri Agriculture Entrepreneurship Program, which was launched to improve the value proposition offered to agricultural customers and contribute to the country's agriculture with sustainable solutions in the field of digitalization, offers trainings, mentoring support, and cooperation opportunities to agricultural entrepreneurs. The Workup Agri program won the "Golden Sardis" award in the category of Innovative Acceleration and Incubation Programs.

Awareness-raising activities such as Farmer Meetings and Agricultural Banking Seminars at Universities have reached 20 thousand farmers and 900 students. .

The total amount of cash commercial loans extended to the agricultural sector is TL 19.9 billion.

In 2022, as part of the activities were carried out for the agricultural sector and farmers;

- 1,355 farmers utilized the Instant Agricultural Loan product, which was launched as a first in the sector and enables end-to-end agricultural loan disbursement through digital channels.
- The "Instant İmece Card" product, which allows farmer customers to be allocated a İmece Card up to TL 50,000 from İşCep, was made available to customers as of December 2022.
- With the help of irrigation system loans, pressurized irrigation systems were installed on nearly 1,900 decares of dry farming areas, enabling producers to use resources efficiently and achieve 45% higher crop yields, while 3.3 million m³ of water savings and a 24% yield increase were achieved by financing pressurized irrigation systems installed on 3,175 decares of wild irrigation areas. In addition, pressurized irrigation systems installed on 10,597 decares of land were renewed, ensuring the continuation of resource efficiency and yield increase.
- Within the scope of sustainability criteria, "İmece Workshops" were organized in order to present common methods that are protective for both nature and producers, identify common solution proposals for each stakeholder, and strengthen the agricultural ecosystem in the country and the Bank's position within this ecosystem.
- With the number of active female farmer customers increasing by about 30%, İşbank extended a total of TL 274.3 million in loans to female farmers during 2022, while the total loan balance on female farmer customers increased by 82% to approximately TL 896 million.

- The Saruhanlı/Manisa Branch was reorganized and started to serve as the first agriculture specialized branch of İşbank as of June 16, 2022, within the scope of the efforts to expand agriculture specialized branches in markets where Türkiye's agricultural activities are predominant. The branch has 54 solar panels on the roof to generate electricity from solar energy, meeting all the electricity needs of the branch.
- İşbank received the "Golden PSM" award at the PSM Awards in the Innovative Customer Interaction and Experience category for its First Agriculture Specialized Branch, Saruhanlı/ Manisa Branch. With the events organized at the branch, producers were brought together with prominent people in the sector, mutual evaluations were made about the sector, and the financial literacy of producers was improved.
- In addition to the existing mobile vehicles, 2 Mobile Branches, including Bankamatik ATMs, were put into service in order to deepen agricultural banking field activities and to produce on-site, instant solutions to needs. Some of the electricity needed for the Mobile Branch vehicles is provided by solar panels.
- The İmece Platform was developed to enable stakeholders in the agricultural ecosystem to carry out their financial and operational processes end-to-end in the digital space, and pilot installations of the platform were realized. Integrations such as mobile application, cash management, and application routing were initiated.
- The Agricultural Banking Advisory Board was established and held its first meeting on 30.09.2022 in order to contribute to İşbank's strategy by monitoring developments and technological innovations in agriculture, food, and related sectors in the world and Türkiye. Action suggestions were included in the 2023 work lists.
- The 44th "İş'le Buluşmalar" event was held in İzmir with the theme of "Sustainability in Agriculture and Technology" with the wide participation and intense interest of agricultural sector stakeholders.

🔍 Supporting Women's Participation in the Economy

İşbank believes that the participation of women's businesses in the economy and increasing women's employment play a key role in realizing sustainable development. To this end, the Bank increasingly uses both its own resources and foreign funds to support female enterprises.

🔍 İş Asset Management Women Equity Fund

In 2022, 13,000 new investors joined the "İş Asset Management Women Equity Fund", the first investment

fund in Türkiye based on gender equality in business life, launched in cooperation with İş Portföy (İş Asset Management), a subsidiary of İşbank, and the Center for Gender Studies at Koc University (KOÇ-KAM). The "İş Asset Management Women Equity Fund" aims to pave the way for women to create more value in economic life and to support research that will enable women to have a greater say in employment and management.

When selecting companies to be included in the fund, various criteria are taken into consideration such as having at least one female board member, having women in decision-making positions, and providing other public information content generated under the KOÇ-KAM consultancy. Domestic equity shares of companies meeting at least two of the above criteria can be included in the pool of equities in which the Fund can invest. The criteria defined by KOÇ-KAM include having a female employment rate above the mean female employment rate in Türkiye, fostering a balanced private-business life, embracing gender equality and equal pay policies, adopting a fair approach in recruitment processes and supporting social gender equality projects.

The Fund invests in equity shares of domestic companies that employ women on an equal basis and attaches importance to ensuring women hold management positions. Half of the revenue generated by the Fund is transferred to research and scholarship recipients through the "KOÇ-KAM UNESCO Chair - İşbank Women's Studies and Women's Leadership Scholarship Program".

The İş Asset Management Women Equity Fund was awarded the Sardis Grand Prize in 2021. The İş Asset Management Women Equity (TL) Fund won the Sustainable Business Award in the "Women's Empowerment" category in 2022 at the Sustainable Business Awards, where innovative projects that create significant impact on economic, social, and environmental issues and protect our common future are awarded.

🔍 Women's Banking

Within the Women's Banking program, the existing processes, products and services are reviewed, aligned with the expectations and needs of women customers, and various value propositions are offered in order to increase the depth of the female customer portfolio and work with the Bank and to make the Bank's practices more accessible.

Within this scope, customer satisfaction and Net Promoter Score are also measured and regularly monitored on a gender basis. The Personal Banking NPSscore for female participants was reported as 39 in 2022.

İşbank carries out activities to increase the financial literacy of women in particular. In line with these efforts, in 2022;

- Under the WeLead (Leading Women Entrepreneurship for Accelerating Development) Project, face-to-face trainings on Introduction to E-Commerce, Entrepreneurship, Digital Marketing, Sales in Marketplaces, and Gender Responsive Procurement were held in various provinces of Türkiye, while online trainings were provided on Company Establishment and Taxation, Entrepreneurship, Introduction to E-Commerce, E-Accounting, E-Invoicing, Micro Export, Trademark, Patent and Design, Quality Process Improvement and Process Development, and Facebook Ad Panel.

🔍 Enabled Banking

İşbank endeavors to ensure that all its service areas are accessible to disabled users.

Verbal and visual directional aids, tactile paving, wheelchair ramps, and Bankamatik ATMs suited for use by disabled customers are available at the branches. 649 branches have tactile surface applications, 459 of which are suitable for visually impaired access. In Bankamatik ATMs, SMS messaging with headphones and tactile surface support is implemented, and features are regularly improved. Audio menus in Bankamatik ATMs are designed in accordance with the standards set by the Banks Association of Türkiye. 93% of ATMs are suitable for use by visually impaired customers.

In order to facilitate access to branches for customers with orthopedic disabilities, the differing elevations at the entrances of 811 branches were removed in 2022, and 488 branches were made suitable for orthopedically disabled access. İşbank ensures that there is at least one Bankamatik ATM that is suited for use by orthopedically impaired people in each province where it has orthopedically impaired customers, and if there is more than one ATM at the front of a branch, one device is made suitable for disabled access.

Special staff members are employed at İşbank's Call Center to allow hearing-impaired customers to receive services at the Bank's branches by communicating via video call. In 2022, "softphone" authorization was granted to the assigned corporate mobile phones of authorized

employees working in the sales service at the branch. In this way, the opportunity to make video calls was extended to corporate mobile phones.

Customers' suggestions and requests regarding the installation of new Bankamatik ATMs or upgrading existing ones so they are accessible by disabled people are carefully evaluated, and the necessary action is taken.

İşbank also develops digital solutions for its disabled customers. The İşCep IOS application supports Voice Over, while the Android application supports TalkBack features. With the "Dynamic type" feature, text sizes in İşCep can be adjusted according to personal preferences. İşbank's corporate website is compatible with Jaws.

The "Enabled Banking" page has been added to our corporate website isbank.com.tr to provide the necessary directions for our disabled customers to easily carry out their transactions. For hearing-impaired customers, a translation plugin has been added to the "Enabled Banking" and "Help" pages which translates content into sign language via an avatar.

The bank keeps the date of birth, disability, and disability status information of disabled customers in its system and provides services that should be provided to customers free of charge. Within this scope, customers can use all Bankamatik ATMs installed in the country to inquire about balance, withdraw money, deposit money, inquire about credit card debt, and pay credit card debt without any additional costs and fees. In addition, for disabled customers, transactions such as signing contracts, opening accounts, using loans, and applying for cards can be carried out safely and easily.

🔍 Eye Brand Certification

BlindLook is a firm that, with its voice-focused technology, allows any product or service to be freely accessible to visually-impaired people, making mindful blind-friendly brands a reality. The firm's Eye Brand certification is a global certificate that documents inclusive services offered by blind-friendly brands.

Within İşbank's collaboration with Blindlook, blind users tested the Bank's websites. The websites maximiles.com.tr and maximumgenc.com.tr passed these tests and received the "Eye Brand" badge. The certification process for the Bank's corporate website isbank.com.tr and İşCep is underway.

511

Number of branches suitable for use by visually impaired customers

791

Number of branches suitable for use by orthopedically impaired customers

329

Number of Bankamatik ATMs suitable for use by orthopedically impaired customers

93%

Ratio of disabled-friendly Bankamatik ATMs

Climate Action

CLIMATE CHANGE IS ONE OF THE MOST URGENT PROBLEMS FACING OUR PLANET.

As İşbank, we conduct comprehensive risk and opportunity analyses for climate change, which affects the environment, social life, and economy and has various negative impacts worldwide. To be a part of the solution, we establish partnerships for climate action.

Related Capital Elements:



Material Topics:

- Responsible Finance and Investment Integrating ESG Criteria
- Combating Climate Change

Risks

Existing financial solutions proving to be ineffective as a result of changes in the way of doing business and risk matrix across many sectors due to global warming

Compliance challenges encountered by customers during the transition to a green economy
Infrastructure deficiencies of organizations for a transition economy

Potential difficulties in complying with laws and regulations governing the green economy
Potential deterioration in customer creditworthiness due to climate-related risks

Opportunities

Contribution to a green economy and combating climate change through effective ESG risk management

Possibility to reach new customers as a reliable partner in the transition to a green economy

Ability to access new global fund sources that promote a transition economy

İşbank's comprehensive risk management approach and its capacity to adapt early to climate-related regulations

Contributed SDGs



Key Performance Indicators

	2019	2020	2021	2022
Field visits made as part of environmental and social risk evaluation	22	1	5	44
Number of financed projects subjected to environmental and social risk evaluation	13	7	9	8
Sum of financing provided for projects subjected to environmental and social risk evaluation (million USD)	395	365	331	432
Amount of clean energy (million MWh) generated by financed renewable energy projects	21.9	24.9	32.3	40.9
Total installed capacity of the renewable energy projects financed by İşbank (MW)	262	1,950	1,008	2,059
Share of renewable energy projects in the total energy projects portfolio (%)	67.3	69.5	71	75
Carbon Disclosure Program (CDP) Climate Change Report	C	A-	B	A-
Carbon Disclosure Program (CDP) Water Safety Report	-	-	C	B

Targets

Targets for 2022	Realization in 2022	Realization	Targets for 2023
The Bank will continue working to increase the share of renewable energy projects in the total energy generation projects portfolio. In 2022, it is anticipated that 100% of the loans to be allocated for new energy plant investments will be used for renewable energy projects.	100%		The target is planned to be preserved.
In 2022, the Bank will create its report as per the Task Force on Climate-related Financial Disclosures (TCFD). İşbank aims to improve reporting on climate change-linked risks and opportunities in order to achieve a better approach to corporate governance and risks.	The Bank is still continuing its activities on this front.		The target is planned to be preserved.
In order to reach net-zero targets by 2050 within the scope of the NZBA commitment, the Bank aims to support its customers' transition processes to a net-zero economy by focusing its 2030 targets on carbon-intensive sectors, and to report and publish its progress in emission targets on an annual basis.	The Bank is continuing its activities.		Within the scope of the NZBA commitment, efforts to decarbonize the loan portfolio will continue.
İşbank set targets for the amount of sustainable loans it will provide to the national economy in 2022.	-		İşbank aims to provide TL 300 billion in sustainable loans by 2026.
The Bank aims to increase the number of customers investing in sustainable capital market instruments by 5%.	Number of customers in 2022: 36,513.		By 2025, the number of customers is targeted to exceed 42 thousand.

Climate Change Risk Management

Risks arising from climate change are radically affecting business practices and risk matrices across all sectors. If financial institutions do not closely monitor these changes and provide the necessary internal controls, they may face significant commercial risks and fail to take advantage of the opportunities created by the transition economy.

İşbank takes into account all risks (including transition risks and physical risks and the subcategories thereof) arising from climate change. These risks are prioritized based on a qualitative and quantitative assessment.

Climate-related risks and opportunities are addressed in the Business Program, which includes the Bank's annual targets, and in the Strategic Plan document, which is prepared with a longer-term perspective, as part of efforts to integrate sustainability goals and policies into business conduct.

- To be a guiding business partner in enabling customers to develop adaptability to market dynamics that will affect their activities, such as Green Deal and carbon border adjustment,
- Playing a leading role in the green transformation of the national economy within the framework of Net-Zero Banking Alliance membership,
- Increasing the share of sustainability-themed loans and resources in the balance sheet,
- Reducing greenhouse gas emissions, energy consumption, vehicle fuel consumption, and waste,
- Diversifying and increasing the volume of environmental financing products that reflect İşbank's responsible banking approach and similar factors aiming to mitigate climate-related risks and seize opportunities.

The Climate Change Risk Policy sets out the principles and procedures to be followed for detecting, identifying, assessing, measuring, monitoring, controlling, reporting and managing the climate change risks the Bank may be exposed to in connection with its activities. The Climate Change Risk Policy is an integral part of the Bank's other Risk Policies.

The main purpose of climate change risk management is to ensure that the Bank's activities and practices are aligned with its climate change strategy. Responsibilities for management of climate change risk have been defined in the form of a triple defense line. The role of the first line of defense is basically to ensure that the loan decisions are made by considering the climate change risks during the loan allocation process. The second line of defense determines the working principles, rules, policies and requirements in relation to the climate change risk. The third line of defense, within its existing roles and responsibilities, offers reassurance to the Board of Directors that the structure described here functions properly.

İşbank has added the indicator "Share of Sectors With High Climate Change Risk Within Total Commercial Portfolio" to the solo risk appetite framework to prevent the concentration of sectors with a high exposure to climate change risks within the portfolio and provide guidance for composition of the portfolio in subsequent periods. This indicator is monitored monthly and reported quarterly.

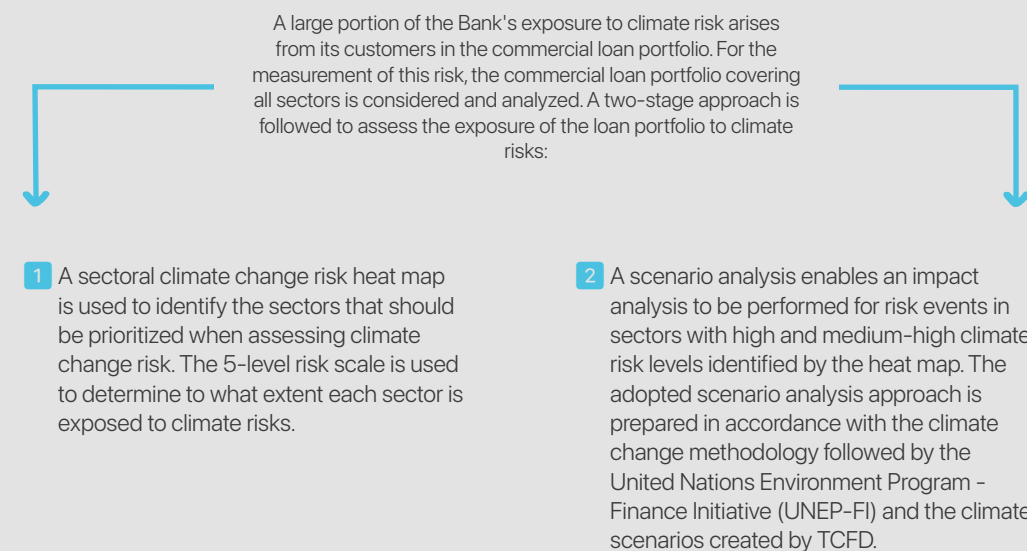
The impact of a possible carbon tax or carbon trading system implementation on İşbank is measured through scenario analyses. With this method, the financial data of loan customers operating in sectors that are exposed to high transition risks and are expected to be most affected by such regulations, especially in the energy generation sector, are subjected to stress tests by taking into account the additional liabilities mentioned, and the possible effects of changes in the creditworthiness of the customers on the Bank's balance sheet are analyzed. Financing assessments are also carried out to contribute to the reduction of carbon emissions of sectors such as cement, iron-steel, aluminum, fertilizer, and energy, which will be primarily affected by the EU Carbon Border Adjustment.

Partnerships for Climate Action

İşbank has been reporting since 2019 within the scope of the Carbon Disclosure Project (CDP) which allows companies to report to investors how they manage their activities aiming to reduce carbon emissions and their risks related to climate change. The Bank raised its rating to "(A-) Leadership" in 2022. In 2023 and beyond, the Bank aims to maintain its leadership level rating by continuing its efforts to manage climate change risks and seize opportunities.

İşbank joined the Net-Zero Banking Alliance (NZBA) in 2022. The Net-Zero Banking Alliance brings together 122 banks from 41 countries under the umbrella of the United Nations, representing approximately 40% of global banking assets and committing to align their loan and investment portfolios with net-zero emissions by 2050. With the NZBA commitment, İşbank aims to seize the opportunities that will arise during the transition to a green economy, support customers' ESG transformation, manage risks associated with climate change, and to position itself as a guiding business partner to improve companies' adaptability to regulations that will affect economic activity, such as the European Union Green Deal/carbon border tax. This membership also imposes a number of obligations on İşbank. In order to reach net-zero targets by 2050, the Bank is committed to supporting its customers' transition processes to a net-zero economy by focusing its 2030 targets on carbon-intensive sectors and to reporting and publishing its progress in emission targets on an annual basis.

İşbank has also committed to confirming its emission reduction targets under the Science Based Targets (SBT).



İşbank aims to align its operations with the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement targets through its signature of the United Nations Environment Program Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB). The 'Principles for Responsible Banking', which are expected to make a significant contribution to the United Nations Sustainable Development Goals and the Paris Agreement targets, focus on six areas: Alignment, Impact, Customers, Stakeholders, Governance and Goal Setting, and Transparency and Accountability.

 You can access İşbank's Impact Report within the scope of UNEP Principles for Responsible Banking at <https://www.isbank.com.tr/bankamizi-taniyin/Documents/yatirimci-iliskileri/raporlarimiz/prb/PRB2021.pdf>.

İşbank also supports sector-based partnerships on climate action. İmece Workshops are organized where representatives from many different branches such as universities, private sector, entrepreneurs, associations, and public administrators come together with public authorities to discuss issues on climate, misuse of water, deforestation, and misapplication of agricultural techniques, and these issues are evaluated together with all parties. İmece Workshops contribute to the sector with their carefully selected participants and workshop outputs. Within this scope, two İmece Workshops were organized in October and December of 2022, with the theme of Water and Wheat, respectively. İşbank is one of the project stakeholders of the İzmir Agricultural Technology Center, which was launched under the leadership of the İzmir Commodity Exchange to contribute to the continuation of agriculture in harmony with changing conditions and to develop new and effective technologies. This center aims to become an R&D base for agricultural technologies. Among the center's goals is to ensure the continuous development of agricultural technologies and increase the interest of young people in agriculture.

The European Fund for Southeast Europe S.A (EFSE) is funding a joint project for Türkiye's agricultural sector under a consultancy services agreement with Finance in Motion Gmbh (FiM), a German financial institution. Within the project, work is ongoing to measure the carbon footprint of wheat, barley, sunflower, and corn producers. Within the cooperation, the Bank contributed to the financing of various trainings for bank employees as well as producers in the agricultural ecosystem, farmer meetings and events, which aim to contribute to sustainable agriculture such as İmece Workshops, organized on different topics. Within this scope, in 2022, 5 "Hero Product Trainings" and preparation of reports on these products, in-bank technical training, 2 "İmece Workshops", 15 "Farmer Meetings" and agricultural calendars for 3 products were realized.

"Green Transformation Meetings at SMEs" are organized in Organized Industrial Zones with the aim to inform SMEs about sustainability, to convey the opportunities therein, and to raise awareness.

Management of Water Risks

Water-related risks to which İşbank is exposed are assessed holistically within the framework of corporate risk management. Water risks related to "physical damage" in terms of the Bank's own operations are evaluated under the "Physical Damage/Risk" category of operational and climate change risk classifications. These risks, such as damage to assets as a result of heavy rains and floods, are assessed within the scope of Top-Down Risk Assessment, which is an approach used to assess and prioritize operational risks that may arise during the conduct of operations. The Bank also conducts an annual "Environmental Risk Assessment" for its direct operations, including water, waste management, compliance with legal obligations, employee health and safety, and other water risks related to suppliers.

Key stakeholders in the İşbank ecosystem include employees, customers, investors, regulatory authorities, suppliers, and the local communities in which we operate. These stakeholders are taken into account in water-related risk assessments.

One of the main risks that could significantly affect the Bank's operations is damage to the Bank's assets and/or customer assets (e.g. assets in safe deposit boxes) located in the Bank's premises due to the increased frequency of extreme weather events such as floods due to climate change. In addition, İşbank is also exposed to a number of water-related risks through its customers. One of the most important of these risks is the loss of value of real estate in the Bank's collateral portfolio due to events that may occur in the short and long term, such as severe floods and sea water rise.

İşbank also evaluates the potential environmental and social (E&S) impacts of the investment projects it finances. All projects are evaluated within the scope of national laws and regulations. In all projects financed by İşbank, customers must comply with the relevant regulations. At İşbank, all potential ESG risks of all new investments are evaluated according to the ÇESMOD system. Water-related risks examined through this model are under three main headings: water source, wastewater, and resource consumption.

In order to reduce the effects of water-related risks, İşbank expects project companies to measure water quality at the intervals set out in applicable regulations and to report on the use of water and resource efficiency.

Management of Forest Risks

Companies that use forest products as raw materials in their processes must comply with the provisions of national forest laws. In all projects financed by İşbank, customers are required to comply with national laws and regulations on forestry. İşbank evaluates the potential ESG risks of projects according to the ÇESMOD methodology.

With the ÇESMOD methodology, critical habitat and sensitive areas evaluation and balancing strategy studies are taken into consideration in order to conduct an assessment of forest-related risks. Based on these factors, İşbank considers the project's environmental impact in terms of deforestation and use of forests. For example, large-scale highway projects are classified as high-risk (A) projects as they use a significant amount of land. İşbank requires project companies to take certain measures, such as re-locating trees around the project area to appropriate areas and/or planting trees in place of any trees cut down, in order to eliminate negative effects of the investment in sensitive areas.

Tree planting commitments are taken from projects, particularly linear projects and thermal power plants. These commitments are included in contracts and monitored annually.

Management of Biodiversity Risks

While risk categories are identified as part of the Environmental and Social Impact Evaluations done by İşbank, biological risks are evaluated on a per-project basis. A Biodiversity Action Plan (BAP) is requested for projects with Risk A category and high biodiversity risks.

In the ÇESMOD question set, the need for a critical habitat assessment and balancing strategy study for all relevant projects is examined. In addition, on a sectoral basis, additional impact questions such as bat habitat, bird migration routes and biodiversity issues are considered.

Environmental and Social Risk Management in Loans

At İşbank, new investment projects with an investment value over USD 10 million are subjected to the Environmental and Social Risk Evaluation Tool (ÇESMOD).

The ERET model, which İşbank had used since 2013 to calculate the Environmental and Social Risk Score of investments, was replaced in 2021 by ÇESMOD (Environmental and Social Model), an Environmental and Social Risk Evaluation Model that is more closely aligned with the global standards of risk measurement and can be tailored according to the type of investment. In 2022, the transition process from ERET was completed, and the new model was put into use.

With the ÇESMOD Model, E&S risk scores for investments financed by the Bank are calculated with initial evaluations conducted with specific sets of questions based on the type of investment, e.g. new facility development, capacity expansion and/or additional facilities or refinancing/procurement, followed by evaluations conducted with specific sets of questions based on the sector in question

Sets of questions based on type of investment and sector:

- ▶ EIA decisions, environmental permits, environmental and/or social impact evaluation,
- ▶ Nature preserve, critical habitat and ecosystem evaluations,
- ▶ Earthquake risk,
- ▶ Natural resource use,
- ▶ Waste management,
- ▶ Air, soil and water quality,
- ▶ Noise and dust,
- ▶ Occupational health and safety, public health and safety,
- ▶ Management of chemicals,
- ▶ Involuntary displacement and stakeholder engagement

Factors such as those listed above, the scope of which is set out in the applicable laws and regulations, are evaluated and scored using questions specifically developed based on the activities of the company being evaluated. Based on the answers given, the risk level of the project is determined, e.g. high (A), medium high (B+), medium low (B-) and low (C). A "Project Environmental and Social Evaluation Document" is prepared based on national and international legislation and good practices (e.g. IFC Performance Standards, EBRD Performance Requirements, Equator Principles), and the document is then added to the loan folder which is submitted for approval.

For all projects deemed eligible based on the evaluations conducted by the Sustainable Finance (SF) team, including but not limited to those projects which are classified by İşbank as high-risk (risk category A), an independent environmental consultant is assigned to act on behalf of the Bank. The independent environmental consultant conducts field visits and literature research to determine the current status of the project and its possible environmental and social impact. As a result of this work, an Environmental and Social Status Evaluation (ESSE), which describes the current status and applicability of any permission / approval process regarding environmental obligations as well as the consultant's comments, and an Environmental and Social Action Plan (ESAP), which describes how to limit and eliminate this impact and manage the process, are drawn up and submitted to the Bank. When deemed necessary, the consultant is requested to carry out periodic monitoring studies on these ESAP items throughout the loan term. In projects where an

independent environmental consultant is not appointed, ESSE, ESAP and monitoring activities are carried out by İşbank SF service specialists if necessary.

In the newly created ÇESMOD model, sector-based questions are asked about both groundwater and surface water resources, and risk scores are determined accordingly. Where necessary, forest and water-related permits are requested from companies on a project basis. Within the scope of the EIA regulation, IFC Performance Standards, Equator Principles and EBRD Performance Criteria, İşbank also assesses how the project affects biodiversity and nature preserves.

In 2022, 166 investments were subjected to Environmental and Social Risk Evaluation. A total of 106 projects were financed between 2013 and 2022.

Number of Field Visits Made as Part of Environmental and Social Risk Management	44✔
Number of projects undergoing Environmental and Social Risk Evaluation	12✔
Number of projects financed after undergoing environmental and social risk evaluation	8✔
	1 'A'✔
Number of projects financed by risk category	5 'B+'✔
	3 'B-'✔
	3 'C'✔

Sustainability Analysis System (SÜRAS)

Since 2012, İşbank has been assessing environmental and social risks in projects with a total investment amount above a certain limit in order to manage the impact it creates through its loan portfolio. Regardless of the amount of financing, the Environmental and Social Risk

Evaluation Tool (ÇESMOD) is being used to determine the environmental and social risk categories of projects with a total investment value of more than USD 10 million, and a roadmap is being created to eliminate or limit the possible negative impacts of the investment as much as possible according to the assigned risk category.

However, as climate change and its increasing risks are becoming more evident, there is a need to improve existing ways of doing business and review them in line with international best practices. In this context, in addition to the investment types evaluated within the scope of the ÇESMOD, a process for assessing environmental and social risks across the commercial loan portfolio was designed and put into operation in 2022. The new process, called the Sustainability Analysis System (SÜRAS), includes;

- “Environmental and Social Question Set”, which enables companies to determine the environmental and social risks and
- “Climate Change Question Set”, which enables the companies to determine awareness and resilience levels on climate change risks.

Activities Not Financed

İşbank rejects any loan applications for activities on the İşbank Exclusion List, which the Bank names in the annex to its Environmental and Social Impacts Policy, without even taking them into consideration. Among activities not financed by the Bank are investments involving forced labor and child employment, the production of weapons of mass destruction and landmines, and the production and trading of internationally prohibited chemicals, drugs or substances that are harmful to the ozone layer.

Loans for financing greenfield investments of coal- and natural gas-fired thermal power plants to be established for electricity generation and new coal mine investments are included in the İşbank Exclusion List. In 2022, gold mining using cyanide, and activities prohibited by national legislation and international conventions regarding the protection of biodiversity resources and cultural heritage were also added to the activities not financed.

Products and Services

Contributing to a Green Economy

Climate change brings many opportunities as well as risks. With the financing allocated to support the transition economy, it is possible to develop creative products and processes to combat climate change. In order to be a good companion for its customers in a green economy, İşbank develops numerous products and services that support a green economy.

İşbank Group is in the energy business

In 2022, İşbank Group established İş Enerji Yatırımları A.Ş. to create an integrated energy portfolio, primarily in electricity generation and trade. İşbank Group aims to further expand its fields of activity by incorporating the energy sector, particularly electricity generation.

İş Enerji aims to participate in facilities and companies engaged in the generation and trade of electrical energy, primarily based on renewable energy sources such as hydraulic, wind, and solar energy.

Having made a significant contribution to Türkiye's annual electricity generation with the loan support provided to the electric energy sector to date, İşbank Group has also assumed the role of investor in the sector with its shareholdings in renewable energy power plants with an installed capacity of over 800 MW.

➔ Financing Renewable Energy

The transition to renewable energy sources is among the most important steps of climate action. Renewable energy investments also provide significant economic benefits through the new business lines created. It is essential that renewable energy investments and technologies are supported to ensure an increase of renewable sources in energy generation. İşbank is one of the pioneering institutions in financing renewable energy projects in our country. All new project financing provided by the Bank for electricity generation investments after 2015 has been allocated to renewable energy projects.

The number of renewable energy projects financed during the year is 162, and the loan amount provided to these projects is USD 544 million.

All new project financing provided by İşbank for the energy generation sector in 2022 consists of renewable energy projects. In line with its commitment to allocate 100% of its new investment loans for the energy generation sector to renewable energy investments, the Bank aims to increase the ratio of renewable energy loans to total electricity generation loans even more from its level of 75%.

➔ Cooperation with International Financial Institutions for a Green and Sustainable Economy

Since 2008, İşbank has been obtaining medium-long-term, special-purpose financing from international financial institutions such as the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), Proparco, U.S. International Development Finance Corporation (DFC (formerly known as OPIC)), the International Finance Corporation (IFC), and the Asian Infrastructure Investment Bank (AIIB) in order to finance the sectors and activities that contribute to sustainability. Besides energy efficiency and renewable energy projects, these resources are also used to finance female entrepreneurs, SMEs, agricultural enterprises and businesses located in priority development regions.

The Bank also supports the economy by increasing awareness and efficiency in the use of resources through technical consultancy and training received from financial institutions.

Closely following developments in the field of sustainable finance, İşbank evaluates the new financing needs of its customers and continues to provide resources for projects that are feasible and comply with lending principles and environmental and social standards. The total amount of loan agreements signed with international financial institutions within the sustainable framework during the year is USD 327 million.

 You can find the list of funds obtained by İşbank from international financial institutions and that were outstanding as of 2022 in the [Table of Outstanding Loans from International Financial Institutions](#).

➔ The sustainability-linked syndication loans

İşbank secured two sustainability-linked syndication loans amounting to EUR 483 million and USD 257 million in June 2022 and EUR 330.5 million and USD 191 million in November 2022.

➔ New resources for green transformation and a sustainable economy

Within the scope of the securitization program based on foreign remittance flows ("Diversified Payment Rights"), the Bank obtained a total of USD 227 million in funding from the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) in August 2022, with a final maturity of 5 years.

The USD 127 million in funding provided by the EBRD will be used to finance women-led businesses as well as renewable energy and resource efficiency investments. The USD 100 million in funding provided by the IFC, on the other hand, will be used to finance mortgages, including green mortgages.

In September 2022, İşbank signed a USD 100 million loan agreement with the Asian Infrastructure Investment Bank (AIIB) and realized its first transaction with the relevant institution. This 5-year term loan will be used to finance SMEs and small-scale corporate firms affected by the COVID-19 pandemic.

Karapınar YEKA SPP project

Within the scope of the Karapınar YEKA SPP project, which is planned to be established in the Karapınar district of Konya province with an installed capacity of 1,000 MWe, financing was provided by our Bank and the environmental and social risks of the project were evaluated. The risk score was B+.

The Environmental and Social Risk Governance System "ESRG" was developed to audit project activities. The ESRG consists of Kalyon Enerji's policies, project assessment documentation, project-specific management plans, supporting thematic sub-plans, and reporting templates to monitor progress. The ESRG will be supported by management plans to be prepared. The ESRG framework is compatible with ISO14001:2015 Environmental management and OHSAS 18001:2007 Occupational Health and Safety management requirements.

In addition, within the framework of the risk category, on behalf of the lenders, a private firm has been assigned to provide services on behalf of the Banks to carry out an environmental and social impact evaluation study within the scope of the Karapınar SPP Project, as per local legislation and regulations, Equator Principles, IFC Performance Standards, EBRD Performance Criteria, and international best practices, and an Environmental and Social Status Evaluation (ESSE) for permits, licenses, and legal requirements for the Project and an Environmental and Social Action Plan (ESAP) for managing the identified impacts were prepared. Within this framework, the monitoring of the actions to be taken to limit the environmental and social impacts of the Project will be carried out by the audit firm through site visits every six months during the construction period and annually during the operation period, and these reports will be disclosed to the lenders within the same periods; the loan agreement will be conditioned on the outputs of these reports being in line with the company's commitments and, where necessary, the implementation of appropriate actions.

It was determined that the activities carried out serve Sustainable Development Goals 7.1, 7.2, 8.4, 8.5, 8.7, 12.5, 13.3, 17.3, and 17.7.

➔ Green Enterprise Loan

Launched in 2022, the Green Enterprise Loan was created to support companies that obtain sustainability certificates by making investments to minimize their environmental impact at every stage of the life cycle from raw materials to the final product.

➔ Pressurized Irrigation Systems Loan

The Pressurized Irrigation Systems Loan provides financing for the transformation investments of customers using wild or pressurized irrigation. The pressurized irrigation systems loan is estimated to provide TL 31 million in economic benefits and a 35% increase in efficiency.

➔ TEMA Environmental Variable Fund

The fund targets investors who want to utilize their TL savings in the long term, are environmentally conscious, protect nature, and aim to leave a livable world for future generations. In 2022, the total value of the fund was TL 31.5 million and the number of investors was 2,981. The annual return is 31.28%.

➔ Green Loan and Green Mortgage

This Green Loan product is aimed to finance various environmentally friendly activities, such as post-insulation (thermal and/or water insulation) of existing buildings, supply of natural gas conversion, installation of energy-efficient heating and/or cooling systems or replacement of old inefficient ones with more energy-efficient systems, replacement of durable goods with more energy-efficient ones, and purchase of solar energy panels. The Green Mortgage provides financing for the purchase of real estate properties with energy classes of "A" and "B". In order to encourage green products, the allocation fee charged for both Green Loan products is 2.5 per thousand of the loan amount, while for standard consumer loans and mortgages it is 5 per thousand.

➔ Green Vehicle Loan

Green Vehicle Loan campaigns are organized for electric and hybrid model vehicles. Individuals and commercial customers can benefit from these campaigns, and improvements are made in favor of our customers in interest rate/fee-commission items according to market conditions. No loan allocation fee is charged for personal vehicle loans extended within the scope of the campaign. The total amount of loans extended in 2022 for electric and hybrid vehicles amounted to TL 1,232 million.

➔ Solar Loan by İşbank

The loan aims to finance rooftop, facade, and land-type unlicensed SPP investments for self-consumption purposes. In 2022, nearly TL 596 million in Solar Loans were lent by İşbank.

➔ Energy Efficiency Loan

The loan aims to finance "resource efficiency" investments that cover energy efficiency as well as water efficiency, raw material efficiency, and waste management.

➔ Green Office Premises Loan

Green Office Premises Loans can be extended to legal entity merchant customers for all kinds of real estate purchases except land, and to real person merchants and self-employed individuals for the purchase of workplaces to be used in their commercial activities from "Green Buildings" with A and B Energy Identity Certificates, Gold and above category LEED, and Very Good and above category BREEAM certificates. In 2022, the amount of loans extended amounted to TL 54.3 million.

➔ Electric Vehicle Charging Station Installation Loan

Financing is provided for the establishment of Electric Vehicle Charging Stations in order to contribute to the development of the electric vehicle sector and help EV owners easily access charging units.

➔ İmeceMobil

The İmeceMobil application, developed by Softtech Ventures, a subsidiary of İşbank, provides special services for farmers, enabling them to do the correct amount of irrigation and use fertilizer at the right time, thus contributing to the proper use of resources.

➔ Marine Conservation Loan

Launched in the last quarter of 2021, the Marine Conservation Loan aims to meet the financing needs of businesses that want to contribute to the protection of the seas by investing in wastewater treatment, wastewater recovery facilities, ship ballast water treatment or gray water treatment systems, or that want to improve their existing facilities by investing in maintenance, repair, and capacity increases. The wastewater treatment and ship ballast water treatment systems within the loan contribute to biodiversity by enabling the existence of clean water and food in the environment in which they live and protecting the existence of life forms so that they can survive. In 2022, the Marine Conservation Loan amounted to approximately TL 49.6 million.

➔ "Green" and "Sustainable" Investment Instruments

Within the scope of the "Green Debt Instrument, Sustainable Debt Instrument, Green Lease Certificate, Sustainable Lease Certificate Guidelines" published by the Capital Markets Board (CMB) in February 2022, İşbank obtained the necessary permission in June to issue green and/or sustainable bonds or commercial papers up to USD 1.5 billion abroad.

➔ Geleceğe Orman (Forest for the Future)

As part of İşbank's goal of a sustainable future, İşbank launched the Geleceğe Orman (Forest for the Future) application on İşCep last year in cooperation with the TEMA Foundation. The carbon points users collect through green banking transactions and activities in their

daily lives are converted into sapling donations through the TEMA Foundation. By the end of 2022, the number of participants in Geleceğe Orman exceeded 200 thousand, while 80 thousand saplings were donated through the application to date. The Bank aims to plant a total of 1 million saplings in the first three years.

In 2022, the Geleceğe Orman application received the first prize at the Gartner Eye on Innovation for Financial Services Awards.

➔ "Water" themed İmece Workshop

In our country, where 74% of freshwater resources are used for agricultural irrigation, joint solution suggestions for protecting both nature and producers were discussed at the İmece Workshop, including how to manage water with new technologies in the fight against drought, how to prevent water waste for sustainable agriculture, and how to use freshwater resources more efficiently in agriculture.

The Water Workshop, held in Izmir under the slogan "Akışına Bırakma" (Don't Let It Flow), brought together representatives from relevant public and non-governmental organizations, agricultural cooperatives and associations, producers, academics, agricultural entrepreneurs, and leading farmers. The report of the water workshop is available at <https://www.isbank.com.tr/is-ticari/su-calistayi>.

➔ "Wheat" themed İmece Workshop

More than 70 stakeholders including representatives from relevant public and non-governmental organizations, agricultural cooperatives and associations, producers, academics, agricultural entrepreneurs, and farmers came together at the Wheat Workshop held in Ankara on December 15, 2022 under the slogan "Buğday ek, hayat biç" (Sow wheat, reap life). Solutions on how to produce wheat, which is of strategic importance as the world's main food source, in the most efficient way for sustainable agriculture and its contribution to the economy were discussed.

Related Capital Elements



Relevant Stakeholders

- Customers
- Regulatory Authorities
- Industry Stakeholders

Material Topics

- Digital Banking
- Cybersecurity and Customer Privacy

Risks

Cybersecurity risks increased with digitalization
Management of reduced need for labor as a result of digitalization
Failure to keep up with rapid economic and technological changes due to large corporate structure
Losing touch with developments such as platform business models and sharing economy, which are essential components of the new economy

Opportunities

Providing personalized products to customers with digital products and services and 24/7 accessibility
Opportunity to establish more effective communication with customers thanks to digitalization of procedures
Becoming a preferred institution in the eyes of stakeholders with data security investments
Becoming an important actor of the new economy with the support provided to entrepreneurs
Strengthening business strategies with partnerships in the field of fintech
Fast decision making and implementation with agile business models

Contributed SDGs



Next-Generation Banking

In recent years, the most radical change in the way of doing business in the banking and finance sector has been the increasing digitalization in all areas. With digitalization, the development of products and services by fintechs in parallel with traditional banking is another important development in the field of next-generation banking.

İşbank aims to continuously improve itself by meeting the requirements of next-generation banking with its strong and competent digital banking infrastructure. For 98 years, it has been providing **CUSTOMERS WITH A FLAWLESS AND SECURE EXPERIENCE AT ALL CONTACT POINTS** by using technology in its most efficient and up-to-date form.

Key Performance Indicators

	2019	2020	2021	2022
Number of Bankamatik ATMs	6.506	6.521	6.476	6.169✔
Number of digital banking customers (million)	8,1	9,2	10,2	13,0
Number of mobile banking customers (million)	7,8	9,0	10,0	11,9✔
Maximum Mobile users (million)	1,7	1,9	2,1	2,8
Share of digital channels in non-cash financial transactions (%)	84,6	92,1	94,6	96,0
Share of digital channels in sales (%)	40,1	57,5	62,7	64,8
Number of cardless transactions made from Bankamatik ATMs (million)	33,8	35,3	39,3	53,0
Amount of cardless transactions performed through Bankamatik ATMs (billion TL)	24,8	32,4	40,6	67,7
Paper consumption savings achieved by digitalization (million pages)	40,4	71,2	64	190
Increase in the number of digital banking customers compared to the previous year (%)	12,5	13,6	11,0	27,9
Share of non-branch channels (%)	92,2	95,7	95,6	96,2
Number of users reached by Maxi (million)	4,8	5,7	6,7	8,8
Number of questions answered by Maxi (million)	18,9	33,3	49,1	68,2
Volume of end-to-end digital commercial loan disbursement through Instant Commercial Loan (million TL)	143,98	506	1.191	2.038
Successful Transactions Index for IT Critical Services	99,96	99,95	99,96	99,97
Number of technological entrepreneurs who were supported to enter the banking system	117	80	97	265
Number of campaigns aimed at promoting the products of technological entrepreneurs	7	4	16	52
Fines incurred due to data security breaches (TL)	0	350.000	150.000	0

Targets

Targets for 2022	Realization in 2022	Realization	Targets for 2023
It is aimed to increase the share of digital channels in total sales to above 66% and to above 70% by 2023.	As of the end of 2022, it is 65.2%.	✔	It is aimed to be 70% in 2023.
The Bank aims to increase the number of customers using digital banking channels to 11.5 million by 2023.	Also, with the impact of our Nays application, we reached 13 million individual digital channel customers by the end of 2022.	✔	The Bank aims to increase this number to 14.5 million by 2023.
The number of technological entrepreneurs who will enter the banking system by 2023 is aimed to be over 100 every year.	In 2022, the Technological Entrepreneur Package was defined for the first time, providing privileges in our core banking services and facilitating entry into the financial system for a total of 265 startups.	✔	The number of technological entrepreneurs who will enter the banking system is aimed to be over 100 every year.

Digital Banking

While carrying out digital banking activities, İşbank aims to engage in contextual interaction with customers, offer personalized and innovative services, and provide an end-to-end seamless experience.

The number of İşbank's digital banking users increased by 27.5% compared to 2021 and reached 13 million. The share of non-branch channels increased to 96.16%, while the share of digital channels in sales rose to 65%. In addition, the Nays application, which debuted on app stores on June 21, 2022, reached 2 million downloads and 1.4 million registered users, 68% of whom established a new relationship with İşbank, and 55 thousand users became İşbank customers by the end of 2022.

İşbank's digital banking focus areas are;

- Creating a flawless, secure, and personalized customer experience for users at all contact points through digital technologies and analytical methods designed with an innovative approach,
- Providing customers with a seamless end-to-end experience by developing joint services with non-Bank stakeholders within its vision to offer banking service anywhere,
- Collaborating with startups that will benefit the Bank, Group companies and customers, and implementing innovative business models, including impact entrepreneurship with an open innovation approach,
- Developing solutions and value propositions that will assist users and organizations in making healthy financial decisions,
- Becoming an integrated business partner and gateway to the digital world for all individual customers in personal banking and for companies in commercial banking,
- Achieving a broad-based customer portfolio with the inclusion of both unbanked customers and commercial establishments with limited access to financial services,
- Contributing to nature and the future by adopting new practices serving sustainability across digital channels.

Accordingly, the new features that were prominent in İşCep in 2022 were as follows:

- Renewal of the money transfer and mutual fund screens to maximize the experience,
- Regarding credit cards; mobile contactless payment, card campaigns, credit card pending transaction installments along with additional installments, additional card application,
- Ability to record vehicle information and perform vehicle-related operations quickly,
- Ability to set a foreign exchange and gold alarm and send instant notifications when the specified buying/selling rate is reached,
- Pensioner promotion renewal,
- Suggesting a available limit,
- Transferring money to cryptocurrency organizations,
- Super POS application, additional commercial account with installments, and virtual card for our commercial customers,
- Within the scope of the ongoing developments for Geleceğe Orman (Forest for the Future), leader race, participation points, carbon point history and point earning display in task detail, and suggestions to reduce carbon footprint functions were added.

In 2022, 20% of our Bank's new retail customers were acquired end-to-end digitally through our "becoming a customer remotely" service via our İşCep application. Together with those who started the process on İşCep and completed it at the branch, this ratio rises to 29%.

İşCep and Maximum Mobile, which continue to offer privileged transactions to customers with new features every day, include privileges and card transactions specific to İşbank cards. Even if customers do not have their credit cards with them, they can pay quickly and securely with QR codes when shopping in stores or on e-commerce sites with İşCep and Maximum Mobile.

Serving in 2022 with a renewed design, Pazarama is an inclusive ecosystem where buyers and sellers in e-commerce communicate with each other seamlessly and easily. While purchasing products and services, Pazarama, which enables access to payment and financing opportunities that facilitate these transactions without the need for another application, is included within Maximum Mobile.

In 2022, efforts were made to improve the customer experience on Maximum Mobile, and at the same time, "cashback campaigns", which were offered to our

customers in 2022 and have given a certain percentage discount on spending, were launched.

While 2 million customers logged in to Maximum Mobile in 2021, 2.6 million customers logged in in 2022 with an increase of 33%. While 68 thousand customers logged in to Maximum İşyerim in 2021, 89 thousand customers logged in in 2022 with an increase of 31%. The number of downloads for the Maximum İşyerim application increased from 230,131 in 2021 to 339,972 at year-end 2022. The number of users utilizing the services of the Maximum İşyerim application during the year reached 96.3 thousand.

In digital banking, İşbank's personal banking assistant Maxi, which works with natural language processing (NLP) technologies, offers a one-to-one dialog experience to serve users 24/7 with proactive solutions in times of need and allows customers to make their transactions by talking or texting.

In 2022, with the Maxi IVR integration work completed as part of the improvement of the customer experience, Maxi started to greet all users contacting the Call Center, informing them quickly and directing them to the relevant menus.

Maxi realized 68.2 million dialogs in 2022, with the number of dialogs increasing by 33.4% compared to 2021.

As part of the artificial intelligence integrations, Maxi, the personal banking assistant, instantly addresses refund claims of customers whose money is stuck in a Bankamatik ATM and has also begun to perform appropriate transactions for customers who would like to report lost or stolen cards.

In 2022, temporary password and mobile phone update requests of our customers started to be made via video calls. Within this scope, approximately 1 million temporary password calls and 60 thousand cell phone update calls were received with customer identity verified via video.

In 2022, the diversity of transactions available in İşCep was increased with enriched sales and application capabilities in line with customers' expectations. The total number of transactions that can be made on İşCep has been increased to 616. In order to provide our customers with a smooth end-to-end experience with the products and services we offer through digital channels, continuous improvements are made, and digital channel competencies are continuously enhanced by utilizing the opportunities provided by technology.

NAYS

Customer journeys have evolved with advancing technology, and consumers' expectations from financial applications have accordingly evolved into contextualized and personalized experiences. As many technology companies and technology-based platforms have become able to offer financial services, it has become essential to design new experience journeys.

the NAYS, which was launched 2022, application targets customers who are highly technology savvy, open to innovation, and want to receive lean services. The application, in which the most needed financial services in daily life are offered with an easy, innovative, and entertaining experience, was designed with insights from potential users. Aiming to reach individuals, especially the young segment between the ages of 18-25 who are looking for an easier experience other than sophisticated banking products and who live intertwined with digital applications, NAYS is expected to reach a wider audience in the future by adding savings and investment products to its free money sending and receiving service, advantageous shopping opportunities, flexible borrowing opportunities, and gamified earning mechanisms.

The Nays application, which debuted on app stores on June 21, 2022, reached 2 million downloads and 1.4 million registered users, 68% of whom established a new relationship with İşbank, and 55 thousand users became İşbank customers by the end of 2022.

İşbank is awarded the best digital bank in Central and Eastern Europe

İşbank was awarded Central and Eastern Europe's (CEE) Best Digital Bank at the Awards for Excellence organized by Euromoney, one of the most prestigious global finance and banking publications.

Open Banking

The Bank began API development activities according to the standards published in preparation for compliance with the open banking legislation. In this context, , the Bank aims to make İşCep and the Internet Branch the primary channel through which customers will prefer to consolidate their financial transactions.

İşbank aims to expand the variety of APIs and the number of integrations to include strategic products in order to deliver the most suitable products at 3rd party contact points with smooth experiences to its customers when they need them. With the possibility to integrate digital customer acquisition with 3rd parties, the number of new digital customers and digital product sales will increase. Solutions will be provided for the financial needs of small players who do not yet have sufficient technical knowledge and resources for API integration, with products that use the İşbank API infrastructure and can be easily integrated. Within this framework, highlighting API services that will be offered outside İşbank channels will contribute positively to the future of the Bank.

Therefore, within the scope of API developments and integration efforts made, the Bank maintained its position as the bank with the highest number of integrations among competing banks, and continued to be among the leading banks in terms of API diversity.

In line with open banking, which has been adopted with the vision of "banking anywhere", a total of 62 APIs were developed, and 96 different integrations were realized through the APIs developed. The volume of financial transactions through APIs exceeded TL 180 billion.

Within the scope of the CBRT open banking regulations, which became mandatory on February 28, 2023, account information and payment initiation services were made available to authorized third-party institutions in the form of APIs, and work was completed to display other bank accounts included in the system on our İşCep and Internet Branch channels in a consolidated manner and to initiate payment transactions from these accounts.

Within the scope of BRSA service banking regulations, personal and commercial lending scenarios will be implemented following BRSA approval. As the BRSA's circular on establishing a remote contractual relationship and transaction authorization is expected to be finalized, the approval process is on hold by the BRSA. After approval, the Bank will be one of the first banks to provide service model banking.

Paperless Banking

With the digital approval of product contracts and application forms, the opening of non-Bank Registered Electronic Mail (KEP) delivery to the entire Bank, and the introduction of digital signatures on receipts, 190 million✔ pages of paper were saved in 2022 with an increase of 175% with respect to 2021, and TL 22 million was saved in paper cost with an increase of 192% compared to last year.

With the digitalization of various contracts, 1.56 million contracts, equivalent to 21.6 million pages, were saved annually. It was determined that this operation saved TL 6.6 million in a 6-month period.

190 million✔
pages of paper savings and

TL 22 million
paper cost savings

327,199
downloads for Maximum İşyerim app

2.8 million
number of Maximum Mobile users

Developments in Payment Systems

With the perspective of "banking anywhere", efforts to address the daily needs of our customers are deployed digitally and/or physically through business partnerships in different sectors.

Accordingly, the projects and applications deployed in the field of card applications are as follows:

- In order to ensure that real person merchant customers can complete their commercial credit card applications with an end-to-end digital experience, customers can view and approve the Commercial Credit Card Membership Agreement on İşCep for commercial credit card applications made by logging in to İşCep, and the application can be completed upon approval of the agreement. In addition to making the lives of İşbank customers easier, this project also contributes to the Bank's paperless banking and sustainability goals.
- POAŞ Dealer cards have begun to be produced digitally.
- With the Maximum Business+ product, İşbank contributed to the reduction of the operations with customers and branches regarding the payments to be made to the vendor by obtaining a certificate of expenditure when it is necessary to check the purpose of the lending in loans extended for the cash needs of customers.
- The İmece Card Application and Allocation Flow via İşCep was launched, and within the framework of the flow, it became possible to allocate İmece Cards up to a limit of TL 50 thousand to real person farmers who are İşbank customers by using the Instant Commercial Loan decision engine, and to simultaneously produce and deliver them to the branches of their choice.
- The ability to use Miles while shopping at certain stores has been provided.
- Credit card ready limit allocation was launched on İşCep.

We deployed the following projects and applications in the field of contracted merchants:

- In 2022, by being integrated with transportation infrastructure providers in various cities of Türkiye, it became possible to use contactless credit and debit cards as transportation cards by scanning them through the Bank's contracted merchant system.
- **Acceptance of UnionPay QR Method on İşbank Physical POS Terminals:** As part of the agreement between İşbank and UnionPay International since 2020, the Maximum İşyerim app can accept QR payments via UnionPay's mobile app. Thanks to the developments in the payment acceptance methods introduced in 2022, Ingenico POS devices can accept payments in Euro, USD, and TL via the UnionPay QR code method.
- **"POS'um Cepte" App:** In addition to the speed and convenience it provides, contactless payment is also preferred in terms of hygiene. Therefore, with the Maximum İşyerim app, it is now possible to turn an NFC-enabled Android mobile phone into a POS terminal for accepting contactless payments. In 2022, the Pos'um Cepte App was provided with multi-terminal and employee payment functions; thus, the mobility of the application was increased by enabling company employees to receive payments without the requirement of being a Bank customer.
- **Moka Super POS (Virtual) Campaign:** The Moka Super POS (Virtual) Campaign, which enables small and medium-sized companies to make installments to different bank cards with a single virtual POS, started to be offered to our customers through the İşCep and Commercial Internet Branch.
- **Payment Collection with TR QR Code:** it will be possible to create QR Codes in the "TR QR Code" format on POS terminals and Maximum İşyerim applications wittin the efforts made, and all domestic customers of the Bank will be able to shop by using QR codes at İşbank POS terminals.
- **New Functions in Payment Collection via AliPay Wallet and WeChatPay Method:** Thanks to the collaboration between İşbank and Alipay, payments in USD and Euro via Alipay wallet can be accepted on the Bank's physical POS terminals and Maximum İşyerim application. In 2022, the WeChatPay payment method, which used to be accepted only on Ingenico model physical POS terminals, is accepted on all Ingenico brand physical POS terminals and in cash registry protocols, except for ÖKC and GMP3 protocols, and the Euro has been added as a payment currency.

Digital Loan Developments

In order to acquire potential customers looking for housing and vehicles at the source, mortgage and vehicle loan applications received through loan comparison websites and advertisement sites on digital media are digitally transmitted to İşbank branches. In this way, sales channels were diversified, and conversion rates on loan applications were increased. With this effort, loans amounting to TL 246.9 billion were extended in 2022.

In 2022, TL 45.5 billion worth of loans were extended within the scope of "Instant Loan", "Instant Shopping Loan", and "Ready Limit" applications, which are paperless banking applications where all processes can be completed through digital channels such as İşCep, Internet Branch, and the İş Bankası ile Öde (Pay with İşbank) application that can be accessed through contracted shopping sites. TL 26.1 billion in loans were extended within the scope of the "My Loan is Ready" application, which enables the completion of consumer loan applications through digital channels, with the final approval process completed at the branch regardless of the channel where the process starts. The lending rate through digital channels, which was 80% last year, increased to 84.9% in 2022.

With the İş'te Limit (Limit at İşbank) application, which shows the credit worthiness of İşbank customers, displays the total limit of consumer loan, additional account, or credit card products that can be allocated to the customer, and also allows limit transfers between related products, customers can apply directly from İşCep as well as our branches. Customers with a set İş'te Limit can apply directly from this screen for the relevant products within their defined İş'te Limits. In addition to İşCep, customers who have the appropriate permission can now proactively inquire about and be offered an İş'te Limit through RPA processes. TL 26.4 billion worth of İş'te Limit was determined within the proactive İş'te Limit application, and TL 616 million worth of İş'te Limit was determined within the İş'te Limit application from İşCep.

In 2022, approximately 326 thousand additional accounts with a total limit of TL 3.4 billion were opened through digital channels.

In 2022, approximately 326 thousand additional accounts with a total limit of **TL 3.4 BILLION** were opened through digital channels.

Digitalization in Business Processes

İşbank aims to increase employee productivity by digitalizing its repetitive, low value-added processes that have a high risk of error. In 2022, many processes were digitalized, saving time and reducing environmental impact.

In 2022;

- With the Customer Embedding project, an Artificial Intelligence model that creates digital twins of our customers was developed. By using the outputs of this model as input in various artificial intelligence projects, we aim to increase customer satisfaction and develop more suitable products and services for customers.
- Screen enhancements were completed in order to monitor and track investments for which the ÇESMOD was completed, and a score was created. Within this scope, an application was designed to monitor the ÇESMOD and action plans of investments.
- According to İşbank's Articles of Incorporation, Board of Directors meetings can also be held electronically. Accordingly, the Electronic Board of Directors System (e-YKS), which will enable shareholders to participate and vote in these meetings electronically, was purchased from Merkezi Kayıt Kuruluşu A.Ş. and installed.
- It is planned that e-YKS, which was implemented as a pilot in 2022, will be officially put into use as of January 1, 2023, and that Board of Directors and Board Committee decisions will be submitted to the approval of the members via e-YKS and the electronic signatures (e-signature/mobile signature) of the members will be obtained. Thus, it will be possible to carry out these processes, all of which are carried out on paper, within the framework of paperless banking and digitalization principles.
- Thanks to projects such as Smart Legislation Search and Letter of Guarantee Matching, developed with Artificial Intelligence Natural Language Processing algorithms, applications were developed to support İşbank employees in their labor-intensive work, reduce human error, and gain speed.

➤ Digitalization in Branch Operations

In 2022, in order to reduce the number of counter transactions at branches, efforts were made to develop next-generation devices with a similar structure and architecture to the counters where customers will receive self-service and pilot implementation has been started in three branches. In addition to cash transactions, efforts are underway to address more customers with a wider menu set with functions such as customer acquisition, video calls, application processes, card delivery, digital verification, and contract approval. Within the scope of improving in-branch approval and authentication processes, efforts are underway to ensure customer authentication in the branch and in the field with the chip ID card and biometric verification.

As of the end of December, expenditures for projects carried out under the Digital Customer Experience of the Future program amounted to TL 62.5 million. The number of İşbank branches renovated as part of digital transformation reached 578 as of year-end 2022.

Artificial Intelligence

Artificial intelligence applications managed within the framework of the corporate vision and strategies at İşbank aim to maximize customer experience and direct employees to areas where they can create higher value with the automation of low value-added processes.

Accordingly, an Artificial Intelligence Division was established at the Bank. The "Agile working model" is applied in artificial intelligence, which is one of the priority areas of work.

As of year-end 2022, artificial intelligence investments realized amounted to TL 43 million.

Artificial Intelligence Governance

Machine learning operations (MLOps) are used for Artificial Intelligence to operate at İşbank on a large scale, continuously learning and sustainably. The applications and collaborations (technology, people, and processes) developed within this scope are positioned as the key to industrializing artificial intelligence. As a result, a single platform suitable for corporate integration has been introduced that manages the entire artificial intelligence lifecycle end-to-end by standardizing and automating it.

Artificial Intelligence Ethics Approach

In order to manage Artificial Intelligence technologies correctly and to create the expected effect, the principles that İşbank adheres to were published as the Artificial Intelligence Ethical Approach under the Ethical Manifesto.

- **Social Benefit and Sustainability:** In our artificial intelligence activities, in addition to sustainability, we prioritize creating social benefit in many areas of life such as economy, education, and culture, as well as the principle of respect for the environment.
- **Impartiality:** We make our AI decisions independent of qualities such as race, origin, belief, status, and gender, and we reject all forms of bias.
- **Transparency and Explainability:** In our artificial intelligence activities, in addition to sustainability, we prioritize creating social benefit in many areas of life such as economy, education, and culture, as well as the principle of respect for the environment.
- **Durability:** We run our artificial intelligence models autonomously from end-to-end in our Bank's cloud infrastructure, where up-to-date technologies are used in a way that is open to human control and closed to human intervention. We take all security measures for our models and provide the necessary controls.
- **Accountability:** We record our artificial intelligence activities in accordance with the legislation and its purpose. Within our duties and authorities, we make decisions as per the applicable legislation and banking principles. We manage all processes centrally with the İşbank Mozaik* platform we developed ourselves.
- **Security:** We organize our artificial intelligence activities in accordance with national, international, and internal policies. We take and implement all measures to prevent illegal transactions. We collaborate with other banks and institutions in this regard and protect bank and customer confidential information and personal data within the framework of our information security policies.

Innovation and Entrepreneurship

In order to make the right strategic moves and take the right actions in the digital world where technology is developing rapidly, İşbank continues to develop innovative business models suitable for new competitive conditions. Adopting an open innovation approach with its visionary structure, İşbank supports joint cooperation models with startups to develop new products and services and closely monitors new ideas and technological trends through innovation centers established in Türkiye and abroad as well as technology companies, universities, and institutions, and organizations in its network of contacts.

Innovation at İşbank

Innovation efforts in 2022 closely monitored innovative applications and solutions with the potential to impact the future on a global scale, including the sustainability field, and proof-of-concept studies were carried out for innovative business models. The competencies of the Forest for the Future application launched in 2021, in which customers can convert the points they earn from their spending, banking transactions, and daily activities that contribute to nature into sapling donations, were further developed. Within the framework of our Web 3.0 vision, which consists of the components of continuously developing our competencies in blockchain technologies through experimental studies, expanding the use of smart contracts, creating beyond-banking products/ services that will enable the digital asset ecosystem to become established, and designing physical ownership links for digital assets, we aimed to utilize the value propositions of blockchain and metaverse technologies from various perspectives.

The budget allocated for R&D and innovation at İşbank in 2022 was TL 206 million. In 2022, the actual budget expenditure was TL 148 million.

Support for Entrepreneurship

As of its founding mission, supporting all economic activities, especially entrepreneurship, and aiming to provide this support in a sustainable and accessible manner, İşbank carries out many activities to support technology-based startups. In line with its vision of being the bank of entrepreneurship and startups, the Bank continued its ecosystem collaborations around entrepreneurship programs, which have been ongoing since 2017, and further expanded its network of influence in this area. In 2022, the Bank collaborated with 52 initiatives and carried out campaigns and proof-of-concept work.

The Bank continued to work intensively to support the ecosystem through the Istanbul Entrepreneurship Branch opened in 2021 and the Izmir Entrepreneurship Branch which started operating in 2022. By the end of the year, the total number of customers of the Entrepreneurship Branches reached 656, of which 433 were newly brought to İşbank or activated customers during the year. The number of business partnerships established within the scope of non-financial value propositions for entrepreneurs reached 9 by the end of the year, and 52 entrepreneurs were enabled to develop collaborations/campaigns with İşbank or its subsidiaries. In 2022, the Technological Entrepreneur Package was defined for the first time, providing privileges in our core banking services and facilitating entry into the financial system for a total of 265 startups.

In 2022, USD 1.2 million was invested in 4 startups, 2 of which were follow-up investments, through the Maxis Innovative Venture Capital Fund, of which İşbank is the main investor and which was established to provide resources to early-stage technology startups in the entrepreneurship ecosystem.

Internal Entrepreneurship Program

Thanks to the "Internal Entrepreneurship Program", which was launched to introduce innovative business ideas and develop the employees' teamwork and continuous learning skills, the employees have gained the skills "to think and act like an entrepreneur" and improved their innovation, creativity, risk-taking and competitive thinking skills and also got the opportunity to generate their ideas, detect problems, create solutions and launch their products.

Entrepreneurship teams, which consist of employees, improve their knowledge and awareness about innovative business models, entrepreneurship and the basics of internal entrepreneurship and are given training and mentorship support from their program partners that have experience in entrepreneurship. This program aims to contribute to the transformation of İşbank's innovative/entrepreneurial culture by providing all employees across the country with competencies such as entrepreneurship, teamwork, and continuous learning/ development.

Workup and WorkupAgri Entrepreneurship Program

The Workup Entrepreneurship Program, which was created to support and accelerate early-stage startups with a technology-oriented, sustainable and scalable business model, has continued since 2017. Eight startups graduated with the Demo Day held in the 10th term of Workup. The 2nd term of the Workup Agri Entrepreneurship Program, which was launched to support new technologies in agriculture and related topics and to add new collaborations to our agricultural value proposition, continues with 6 startups.

140 startups have been accepted to the Workup and WorkupAgri programs out of over 15 thousand applications, and 100 of them have graduated with Demo Day events. 2 out of every 3 Workup startups and 3 out of every 4 entrepreneur graduates continue to exist in the entrepreneurship ecosystem. 40 Workup startups received USD 15 million in investments during and after the program.

Arya Women Investment Platform

İşbank is the main sponsor of the Arya Women Investment Platform, which has worked to increase both investment and business development opportunities for women entrepreneurs since 2018.

The Arya Investment Preparation Acceleration Program is being organized as part of the collaboration between İşbank and the Arya Women Investment Platform, in which women entrepreneurs go through a 5-week training and mentorship program to get ready to meet investors. At the semi-final event, the entrepreneurs included in the program deliver their investor presentations and graduate from the program. In the final part of the program, the Arya Retreat event, which brings the remaining entrepreneurs together with investors and lasts for 3 days, 3 entrepreneurship projects receive awards after completion of the presentations delivered to the jury and investors. The program also includes workshops, and opportunities for collaboration and networking are presented. The seventh Arya Retreat was organized in 2022 with the theme "Invest in Women".

A training series for women entrepreneurs is organized under the name Arya Business Workshops; practical information and cases are shared on topics such as marketing, sales, finance, investment, and e-commerce. The workshops also include the experience sharing of entrepreneurs who are successful in their fields.

The trainings provided within the scope of Arya Entrepreneur Academy aim to provide entrepreneurs with basic awareness and the vision they need to manage and grow their startups.

With the Arya Investor Academy, which focuses on women's angel investing, the basic elements of the angel investing process are conveyed to women and women are encouraged to become angel investors.

The number of women who benefited from the Investment Preparation Program and the Retreat event, Business Workshops, Entrepreneurship, and Investor Academies reached **569**.

Arya Venture Capital Fund

In Türkiye, the biggest challenge women entrepreneurs' face in realizing their dreams and reaching a certain scale is access to finance and finding funding. Many women with creative ideas, experience, and self-confidence can start their own businesses if they find financial support. Within this scope, the financial, educational, and mentoring support to be provided to women entrepreneurs from the foundation stage of their businesses until they reach the stage where they grow and contribute to the economy is of great importance. More women entrepreneurs brought into the economy means more production, more employment, and thus a greater contribution to the national economy.

To this end, in 2022, Arya Women Investment Platform and İşbank established a fund, which is aimed to reach a minimum size of USD 10 million, to invest in gender-balanced startups that offer the potential for sustainable returns. The fund will invest in gender-balanced startups and aims to become a venture capital fund with regional impact.

WeLead

In cooperation with TÜRKONFED and İşbank and with the support of UN Women Regional Office for Europe and Central Asia, a new project called "WeLead (Leading Women Entrepreneurship for Accelerating Development)" was launched for women entrepreneurs. The project aims to improve the capacities of entrepreneurial women and strengthen their communication networks. Within the project, it is planned to provide training support to entrepreneurial women regardless of sector and scale.

Training content is based on two pillars which are 'gender equality awareness' and 'technical capacity building'. The technical content covers topics such as digitalization, budget management, supply chain management and branding, which were identified as a result of the WeLead Research Report, the source for shaping the project.⁵⁰

Within the project, 15 online and face-to-face training programs were organized in 2022., 2022, the WeLead Project, launched on June 1, 2022, provided access to training for more than 1,700 women entrepreneurs. The project will continue with similar activities in 2023 as well.

⁵⁰<https://www.isbank.com.tr/bankamizi-taniyin/turkonfed-ve-is-bankasi-girisimci-kadınlar-icin-guclerini-birlestirdi>

Women Entrepreneurship Loan

İşbank offers financing support to tradeswomen who want to grow their business, to companies 51% of the shares of which are held by female shareholders, or to women's enterprises that have at least one female senior executive and at least 20% of the shares of which are held by female shareholders, for all their business needs. As of year-end 2022, the Bank provided TL 25 billion in financial support to more than 62 thousand women entrepreneurs.

Export Support Loan with Turk Eximbank

İşbank provides financial support to women and young entrepreneurs through the "Women Entrepreneurs Export Support Loan" and "Young Entrepreneurs Export Support Loan" products under the protocol entered into with Turk Eximbank in order to increase the participation of women and young entrepreneurs in export activities.

TÜBİTAK BİGG

Young entrepreneurs will be supported until 2025 within the program launched in cooperation with İşbank and Özyeğin University Fit Startup Factory to be the implementing organization in the TÜBİTAK Individual Young Initiative (BİGG) Program.

KWORKS Impact Entrepreneurship Program

and being carried out in partnership with Vehbi Koç Foundation, Workup, and Koç University Entrepreneurship Research Center with the contributions of the Social Entrepreneurship Network of Türkiye (TSGA), the Impact Entrepreneurship Program, which was launched in May 2022, was completed, which aims to support the scaling of technology-based startups that create or have the potential to create environmental and social impact in areas such as quality education, healthy and quality life, climate, accessible and clean energy, and sustainable cities and communities. With the Impact Day event held in October, 5 startups graduated from the Program.

Sponsorships for Young Entrepreneur Programs

İşbank was the main supporter of the Turkish Entrepreneurship Foundation (GİRVAK) and TÜSİAD "Bu Gençlikte İş Var" Program, which play an important role in helping young people gain an entrepreneurial perspective at an early age and see entrepreneurship as a career path.

FounderOne

FounderOne, a next-generation investment fund aiming to invest in early-stage impact startups, was established in June 2022 in cooperation with the Turkish Entrepreneurship Foundation, Turkish Informatics Foundation, and our subsidiary Maxis Girişim Sermayesi Portföy Yönetim A.Ş.

Next-Generation Contact Point: İş Mekan

With the aim of designing the customer experience and the Bank of the Future, the Next-Generation Contact Point project was started and branded as İş Mekan with the aim of reaching our customers we contact digitally in the physical world and meeting their needs more holistically as the İşbank Group without limiting them to banking processes.

The aim is to continuously improve the customer experience and strengthen customer belonging and loyalty through İş Mekan's contact points whose concepts will vary according to different customer profiles and market characteristics.

İş Mekan, which started operations in Nişantaşı, has created an ecosystem where visitors can meet İşbank Group brands and platforms in addition to performing banking transactions. İş Mekan features a corner for İş Kültür Publishing where visitors can enjoy a pleasant bookstore experience, the first physical point of sale of İşbank's online shopping platform Pazarama, and a café offering a next-generation coffee experience. In addition, there are meeting rooms rented by our subsidiary İşmer and workspaces that all our customers can use free of charge. İş Mekan has been designed to inspire its visitors with a variety of events and activities that will bring them together on a regular basis to create a community.

In order to support the physical İş Mekan experience area digitally and to provide a holistic experience, the İş Mekan mobile application, which is complementary to the physical İş Mekan experience, has been offered to our customers in the app marketplaces. With this application, users will be able to book meeting rooms at the İş Mekan, book spaces for events and, with future developments, be informed about campaigns and announcements before anyone else. In this way, the aim is to create a collective customer experience by supporting the service offered in the physical world in the digital world as well.

Information Security at İşbank

İşbank works meticulously to ensure the reliability of its operations against risks related to information confidentiality and cybersecurity, which are increasing with digitalization. The processes related to ensuring the security of information systems and the secure storage of personal data and confidential information, which are the most important issues of our day, are maintained through regular investments in the field of security and training and awareness activities for the continuous development of a security culture.

The Board of Directors has the ultimate responsibility to ensure information security within İşbank. To this end, the Board of Directors develops the required strategy and oversees its implementation via the committee. The Information Security Committee is responsible for establishing and implementing policies for information and personal data security. All organization units of the Bank are responsible, within the boundaries of their areas of responsibility, for carrying out their activities in accordance with these policies and other sub-regulations based on them.

Policies and other sub-regulations regarding information security and personal data form the basis of any actions to be taken within this scope. Through constant awareness programs, the Bank strives to increase the knowledge of its employees and raise awareness among end users.

In 2022, 8.933 employees from the Head Office and branches received a total of 9,853 hours of training in the fields of cybersecurity, social engineering and information security.

İşbank's banking processes and information systems are annually audited by the Board of Inspectors in a risk-based manner to provide a basis for the Management's Statement to be submitted to an independent auditor in accordance with the "Regulation on External Audit Institutions' Information Systems and Banking Processes Audits" published by the Turkish Banking Regulation and Supervision Agency (BRSA). Processes for ensuring information security are absolutely covered during the audits of information systems.

With priority given to the control targets regarding the provisions included in the "Information Security Management" section of the BSEB regulation, and within the framework of the mentioned regulations, the existence, adequacy and effectiveness of a process that

includes activities such as risk assessment, approval of the corporate information security policy by the Board of Directors and supervision of its implementation by the Senior Management, conducting studies to increase the awareness of the Bank personnel on information security, classifying all data according to the degree of security sensitivity and conducting security controls at the appropriate level for each class, implementation of information security tests, prevention of data loss, and updates of existing controls and structures created according to technological developments are evaluated.

In line with audit studies for information technologies (IT), inspections are carried out to contribute to the achievement of basic goals for the healthy management of IT risks and the effective and efficient use of IT resources. The scope of the said audit work is determined by a risk assessment prepared by taking into account the criticality of the applications and systems for the Bank and their sensitivity in terms of data security. These system-oriented technical inspections are carried out on the basis of local legislation and international best practices, including especially the articles of the BSEB regulation which are directly related to ensuring information security.

The internal control environments regarding information security of İşbank's subsidiaries and affiliates and the organizations from which the Bank receives support services are also evaluated through audit activities, similar to the audit activities carried out within the Bank.

As per the communiqué "Penetration Tests for Information Systems" published by BSRA, banks are required to carry out penetration testing at least once a year. The purpose of penetration testing is to identify and fix vulnerabilities that may result in unauthorized access to the Bank's information systems or sensitive data before such vulnerabilities are exploited. External firms have been carrying out penetration tests at İşbank since 2012 in accordance with the communiqué. Penetration test action plans prepared on a quarterly basis by Information Security regarding the findings of the penetration tests are reviewed by the audit team, and the "Penetration Test Finding Follow-up Report" for the current year is reported in the following year.

In the ordinary audit activities and investigations carried out by the members of the Board of Inspectors, the effectiveness of the measures taken for the confidentiality of customer information is reviewed. In

case of a customer complaint submitted to the Bank in relation to an alleged breach of confidentiality due to loss or disclosure of customer information to third parties, the issue is meticulously handled in all aspects, and the audit results are reported. Within the scope of the investigations, the data and audit trails in the Bank's systems are analyzed in a holistic and detailed manner, and any situations that indicate reasonable doubt are examined from an analytical perspective. In the event of a reasonable suspicion that such information is disclosed to third parties, investigations on the subject are expanded, and if these suspicions reflect the truth, the necessary measures and decisions within the scope of both internal regulations and legal legislation are taken without delay. In addition, the processes described in the Bank legislation regarding provision of information to customers about the outcome of such complaints are executed in order to ensure that the complaint owners are notified about the outcome of the investigations.

Within the scope of internal audit activities, all investigation results are reported to the Board of Directors through the Audit Committee; within the framework of audit reports, it is ensured that the measures taken by the relevant unit managements are monitored.

The Internal Control Division information systems internal control activities team conducted inspections at 76 checkpoints for the Bank's information security process. In addition, various checkpoints for cybersecurity on the Bank's critical IT assets are regularly monitored at daily, weekly, and monthly intervals as part of level two controls, and the identified operational issues are shared with the relevant IT units to correct them.

The control activities of the Internal Control Division within this scope include:

- access to databases,
- authorization and security parameter controls,
- controls for the security of privileged public user accounts and user groups on servers and databases,
- activity controls of high-privilege users on critical servers and applications for information security,
- server anti-virus software controls,
- controls for the security of server audit trails,
- data leakage prevention system controls

Additionally, regular access and authorization controls are done to ensure that end-user privileges in basic applications used for the main banking processes are up to date.

Within the framework of the security architecture, there are multiple layers in the communication network infrastructure of İşbank. Anti-DDoS solutions are positioned to prevent suspicious external DDoS (Distributed Denial of Service) traffic. In the outermost network, incoming and outgoing traffic is controlled by IPS (Intrusion Prevention Systems) and WAF (Web Application Firewall) systems. In order to increase security on the communication network, different zones have been created on the network. Within each zone, there are different firewalls and access control lists (ACLs), and zones are protected by customized rules and security defense mechanisms. In addition, different switches and VLANs (Virtual Local Area Networks) have been established in different zones. Outgoing internet traffic is analyzed by secure socket layer (SSL) monitoring tools and protected by sandbox APT (Advanced Persistent Threat) systems. All server and endpoint devices are protected by endpoint security solutions. Authorizations in the systems are made based on role and in accordance with the principle of separation of duties, and authorizations are regularly reviewed. The trace records created on the systems are transferred to SIEM products, and security warnings are followed by the Security Intelligence and Defense Center within the framework of predetermined rules on a 24/7 basis, and actions are taken regarding security incidents.

At İşbank, regular penetration tests are conducted to detect possible system vulnerabilities. Systems are patched to fix any detected vulnerabilities. Information security awareness training is provided and phishing tests are done to increase awareness among Bank employees.

Risky transactions made by the Bank's customers through digital banking channels are regularly monitored. Current risks and threats are evaluated and necessary actions are taken quickly. In addition, efforts to raise customer awareness of current risks and threats were given importance and priority.

In 2022, approximately TL 78 million was invested in information security and cybersecurity fields.



03

Responsible Operations

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Related Capital Elements



Relevant Stakeholders

- Employees
- Business Partners
- Suppliers

Material Topics

- The Bank's environmental footprint
- Responsible Procurement and Supply Chain

Risks

Increase in operational expenses with rising energy costs

Failure to meet the requirements of corporate commitments due to non-compliance with environmental regulations

Loss of reputation due to adverse events that may occur in the supply chain

Operational risks that may occur due to disruptions in the supply chain

Opportunities

Reducing operational expenses and observing resource efficiency with energy efficiency, reduction of water consumption, and paperless banking practices

Realizing cooperation that will provide efficiency with effective supply chain management

Contributed SDGs



Reducing Negative Impacts of Operations

As one of the biggest banks in Türkiye, İşbank offers services to millions of users with its operations throughout the country. When managing its widespread network of operations, the Bank aims to minimize its environmental impact, ensure its suppliers embrace identical working norms, and be **A RELIABLE EMPLOYER FOR ALL ITS EMPLOYEES.**

Targets

Targets for 2022	Realization in 2022	Realization	Targets for 2023 and Beyond
In line with its goal to reduce greenhouse gas emissions, the Bank aims to reduce the total Scope-1 and Scope-2 emissions calculated in accordance with the International GHG Protocol by 38% by 2025, 65% by 2030, and to zero by 2035, and carry out its activities as carbon-neutral as of 2035 (target baseline year: 2018)	75%	✓	Maintaining the current level
The Bank aims to meet at least 50% of the eligible consumer electricity consumption from clean energy sources by 2025 and 100% by 2030, in line with its greenhouse gas emission reduction targets (target baseline year: 2021)	100%	✓	Maintaining the current level
Obtaining the ISO 14001 Environmental Management System certification to cover all operation and service locations of the Bank by the end of 2022	100%	✓	Maintaining the current level
Based on 2020, zero paper consumption in banking activities until 2024 through digitalized processes	Savings of 190 million pages	⌚	Savings of 196 million pages
In order to reduce negative environmental impacts in 2021 and beyond, the following targets have been set: ➤ Reducing water consumption by switching to water-saving aerators in all sink faucets of branches, ➤ Saving energy by continuing to change the lighting fixtures to LEDs, ➤ Continuing to replace old type air conditioners with new generation air conditioners with higher efficiency. In addition, LED conversion of lighting fixtures in 125 branches was planned to be realized in 2022.	LED conversion of 250 branches was completed in 2022. The replacement of old generation air conditioners with next-generation models continues in our renovated branches.	⌚	Reducing electricity and natural gas consumption by 5% and emissions from vehicle use by 5-10% in the coming period, By the end of 2023, LED conversions of all branches are planned to be completed.

Targets for 2022	Realization in 2022	Realization	Targets for 2023 and Beyond
Maintaining the local supplier ratio at 98%	97.09%	✗	The ratio is aimed to not fall below 96%.
The green procurement* ratio is aimed to not fall below 3%.	4%	✓	The green procurement ratio is aimed to not fall below 3% until 2025.

* Green procurement includes all products/services produced from environmentally friendly/recyclable materials and/or that cause less damage to the environment.

Key Performance Indicators

	2018	2019	2020	2021	2022
GHG Emissions (ton CO ₂ e) ¹ ✔					
Scope 1	20,472	21,789	20,629	22,528	22,119
Scope 2	68,599	71,781	57,193	8,784	0 2
Scope 3	10,563	8,727	7,779	6,458	10,846
Total (Scope 1 + Scope 2)	89,071	93,570	77,822	31,312	22,119
Emission Intensities✔					
Emission per employee (tCO ₂ e/number of employees)	4.40	4.30	3.40	1.40	0.95
Emission according to consolidated total assets (tCO ₂ e/TL million)	0.20	0.20	0.10	0.03	0.01
Emission according to consolidated total assets (tCO ₂ e/USD million)	0.93	0.98	0.80	0.36	0.24
Emissions by consolidated net profit (tCO ₂ e/TL million)	14.94	17.02	10.00	2.00	0.32
Emissions by consolidated net profit (tCO ₂ e/USD million)	61.64	78.38	74.14	26.33	5.97
USD Balance Sheet Rate	5.24	5.89	7.39	13.09	18.65
Energy Consumption ¹ ✔					
Total Energy Consumption (GJ)	756,517	670,254	588,942	630,216	607,022
Total Energy Consumption (MWh)	210,144	186.18	163.59	175.06	168,617
Total Electricity Consumption (MWh) ²	127,989	132,501	119,912	121,404	122,652
Total Natural Gas Consumption (m3)	4,126,643	3,879,943	4,178,163	5,284,460	4,529,353
Fuel Oil Consumption (lt)	8,000	6,400	14,710	11,296	1,011
Coal Consumption (kg)	170,586	78,713	77,606	21,869	26,954
Diesel Consumption (lt)	417,479	351,180	320,068	282,318	333,258
Total Water Consumption (m ³)✔					
City Water	365,424	335,964	278,890	262,235	282,919
Rainwater (recovered/re-used water)	5,820	9,425	3,588	7,947	8,820
Drinking Water ³ (tanker water + bottled water)	-	-	-	5,470	3,063
Total Amount of Wastewater	371,244	345,389	282,477	270,182	291,739
Vehicle Fuel Consumption (lt)✔					
Fuel Consumption of Company Vehicles (Diesel)	2,718,367	4,012,798	3,639,660	3,155,927	2,659,440
Fuel Consumption of Company Vehicles (Gasoline)	15,335	11,982	7,592	334,694	1,344,827
Fuel Consumption of Employee Shuttles (Diesel)	562,655	541,627	535,390	550,100	530,861
Business Trips with Personal Vehicles (Diesel)	-	-	36,685	40,352	57,855
Business Trips with Personal Vehicles (Gasoline)	-	-	42,740	43,731	65,546
Business Trips with Personal Vehicles (LPG)	-	-	22,259	27,035	26,014

	2018	2019	2020	2021	2022
Paper Consumption (ton) ✔					
	808	679	643	503	963
Amount of Waste (ton) ⁴ ✔					
Total Amount of Waste	2,116	1,964	1,026	1,570	1,719
Amount of Domestic Waste	1,884	1,757	861	1,001	1,118
Amount of Hazardous Waste (batteries, fluorescent lamps, car batteries, cells, toner cartridges, medical waste)	14	7	8	12	6
Medical waste	1	2	1	2	3
Amount of Electronic Waste	9	30	37	23	74
Total amount of waste recycled ⁵ (ton) ✔	251	205	163	568	599
Amount of paper waste recycled (ton) ✔	200	129	94	346	353
Amount of non-hazardous waste recycled ⁶ (ton) ✔	29	41	25	189	164
Plastics	-	-	-	-	10
Metal	-	-	-	-	5
Glass	-	-	-	-	59
Plastics + Metal (Branch)	-	-	-	-	90
Amount of hazardous waste recycled ⁶ (ton) ✔	13	5	7	10	8
Batteries	-	-	-	-	1
Fluorescent lamps	-	-	-	-	0.35
Car batteries	-	-	-	-	2
Cells	-	-	-	-	0
Toner cartridges	-	-	-	-	0.28
Total amount of hazardous waste (Branch)	-	-	-	-	5
Amount of electronic waste recycled (ton) ✔	9	30	37	23	74

¹ The emission and consumption data reported in 2018 included the Head Office buildings, all domestic branches and regional directorates, and in 2019, the Atlas Data Center was also added to this data. The increase in electricity consumption in 2019 was partly due to the inclusion of the data center.

² Since the electricity consumption is IREC-certified, Scope 2 emissions are calculated as "0". In 2022, the amount of energy generated from renewable energy sources accounted for 100% of the total energy consumption.

³ Represents the amount of drinking water consumed in the Head Office buildings. Drinking water for these buildings is supplied by tankers, carboys, and bottled water, and it has been monitored since 2021. In service buildings with ISO14001 certification, drinking water is supplied by bottled and carboy water.

⁴ 2018-2019-2020 data only includes the Head Office buildings. 2021 and 2022 data includes the Head Office buildings as well as the service buildings with ISO 14001 certification.

⁵ The total amount of recycled waste consists of recycled non-hazardous wastes, recycled hazardous wastes, paper wastes and electronic wastes, and includes the data of the Head Office buildings.

⁶ The breakdown of recycled non-hazardous and hazardous waste amounts by waste type was started as of 2022, and the reported data includes the data of the Head Office buildings.

	2018	2019	2020	2021	2022
Number of Local Suppliers			2,673	3,396	3,673
Ratio of Local Suppliers* (%)			97.41	97.42	97.09
Ratio of Procurement from Local Suppliers (%)			92	91	87.71
Total Number of Suppliers			2,744	3,486	3,783

*While calculating the ratios, companies registered in the trade registry and operating in Türkiye were accepted as local companies.

Environmental Impact Management

Believing that using natural resources responsibly and minimizing the impact on the environment while conducting its activities are fundamental duties of both individuals and institutions, İşbank takes responsibility for climate action in order to maintain its operations with minimal environmental impact. The Bank bases this responsibility on the targets it sets and the commitments it makes. Additionally, İşbank is undertaking many improvement and energy-efficiency projects to mitigate the negative environmental impact it causes.

Climate targets

Within the scope of combating climate change, İşbank established its strategy on climate change risk, and climate change was added to the Bank's risk catalogue. In the combat against climate change, İşbank set its target for reduction of greenhouse gas emissions and stated it in its disclosure under the CDP Climate Change Program:

"To reduce the total Scope-1 and Scope-2 greenhouse gas emissions calculated in accordance with the International GHG Protocol by 38% by 2025, 65% by 2030, and to zero by 2035, and to carry out activities as carbon-neutral as of 2035 (target baseline year: 2018)"

İşbank made a commitment to the Science Based Targets Initiative (SBTi) for identified science-based emission reduction targets to be validated. In 2023, it is aimed to go beyond these targets and evaluate Scope-3 emissions from lending activities and the supply chain with a target-based approach.

İşbank was awarded a score of **"A-"** in the **CDP Climate Change Program** in 2022.

Environmental Management

At İşbank, an ISO 14001 Environmental Management System Project has been in place since 2018 in order to reduce its environmental impact and build an environmental management system that complies with international standards. Within this scope, training is provided to employees working in the position of environmental officer. In 2022, our 638 employees who will serve as environmental officers attended the "Environmental Management System (ISO 14001) Training" and 12 employees who will conduct the internal audit of this system attended the "Environmental Management System (ISO 14001) Internal Auditor Training". Employees who start their careers at İşbank are provided with information about the Environmental Management (ISO 14001) System in the "Getting to Know Our Bank" course as part of the "Starting My Career" Training. In addition, employees were provided with information and awareness on the environmental management system through online workshops.

The Environmental Management System is audited by the Internal Control Division on an annual basis. The Bank has not incurred any fines for non-compliance with environmental laws and regulations during the reporting period.

As of 2022, İşbank has ISO 14001 Environmental Management System Certificates for 1,178 locations. Efforts are underway to obtain zero waste certification in line with the Zero Waste Legislation at the covered locations. At the end of 2022, the ratio of certified locations to the Bank's total locations was 100%, and efforts are underway to include newly opened branches in the certification process. With the newly launched Sustainability Platform, data collection from branches is carried out through an online application. İşbank aims to maintain its environmental management system which complies with international standards in the coming years.

İşbank has awareness of the destruction of nature and economic loss caused by electronic waste. Therefore İşbank sells scrap and returns toner cartridges to recycle field assets whose life cycle is managed by the Information Technologies Division. All companies to which sales are made have WEEE certificates. All recycling operations are outsourced to authorized companies in line with the Bank's general rules.

As of 2022, the Bank has ISO 14001 Environmental Management System Certificates for 1,178 locations (100% of total locations).

Environmentally Friendly Buildings

Environmentally friendly buildings play a key role in reducing the environmental impact of İşbank's activities. İşbank's big buildings, such as the Head Office, operations center and data center, were designed to minimize their environmental impact. İşbank Head Office building in Levent, İstanbul has a BREEAM In-use Excellent certificate. Additionally, Tuzla Technology and Operations Center (TUTOM) received the LEED Gold certificate.

From 2020 when remote working arrangements were put in place to the end of 2021, electricity consumption at the Head Office locations decreased by 8.4%.

The Bank's Tuzla Data Center (Atlas) building has the LEED v4 Gold for Data Centers certification and is the first data center in Türkiye to meet these standards. In the Atlas Data Center building, the heated air generated after the data halls with IT cabinets are cooled with air is used to heat the office areas. In this way, the Bank's energy consumption is reduced, and energy savings are achieved.

In addition, rainwater is collected through rainwater collection channels installed in our buildings, treated to a certain level and then reused in various areas.

At the Head Office and TUTOM buildings, all waste is sorted and recycled according to the ISO 14001 Environmental Management System Standard.

Efficiency in Branches

İşbank aims to use energy and resources efficiently in order to reduce the environmental impact of its service buildings and carries out such efficiency activities with a continuous improvement approach.

In 2022, during the renovation work in the Bank, branch lighting, heating, and cooling systems were modernized. Existing lights were replaced with LED lighting, while old air conditioners were replaced with high energy-efficient units, and natural gas conversion was carried out at branches that were heated with coal or diesel fuel.

At our Head Office building, the heating, cooling and domestic water system pumps were replaced with more energy-efficient models. LED conversion of lighting fixtures in all service buildings is ongoing. It is planned to be completed by the end of 2023.

At all service buildings, conventional flush tanks were replaced with new models that use less water, and urinals with photocell control were chosen to replace existing urinal flush tanks. Lavatory faucets in all service buildings were replaced with water-saving faucets. It is estimated that 15% water savings will be achieved with these measures.

As a result of the improvements and upgrades made for higher energy efficiency, emissions (scope 1+scope 2) were reduced by 9,196 tCO₂e.

Visors are being installed on Bankamatik ATMs that convert solar energy into electric energy and help reduce energy consumption. Acting as solar panels, the Bankamatik ATM visors can meet a significant portion of the energy need of façade lighting, except for the advertisement panels. By the end of 2022, 68 Bankamatik ATMs with solar panels produced 330 Wh per device per day. These systems are in the testing stage, and it is planned to expand their use to all renovated units from 2022 onwards. In addition, İşbank plans to invest in a solar farm covering all its branches in 2023.

Efforts to reduce single-use plastics in branches and Head Office buildings are ongoing. The use of disposable water cups, of which 317,840 were consumed in 2022, was terminated within the year; similarly, the purchase of new cardboard cups at the Head Office building was also terminated.

In 2022, **190 MILLION** sheets of paper and **TL 22 MILLION** in paper costs were saved through digital, digital signature, and KEP delivery practices.

Responsible Procurement

Sustainable development is only possible through responsible business models. Positive or negative impacts caused by organizations are not confined to the area of its operations but may affect a large area based on the organization's size. Aware of its responsibilities, İşbank aims to propagate its approach to, and standards of, business to its supply chain as well. By collaborating with its suppliers, the Bank tries to ensure that best practices and products extend to an even larger area. İşbank works to achieve sustainable business success with a financially strong, environmentally friendly supply chain that is also reliable with high-quality production and continuity.

In order to leave a more livable world for future generations, it is of critical importance to protect the environment and use resources in a sustainable manner. In addition, the importance given to employee and human rights and compliance with ethical principles have a great impact on the development of societies and countries. Within this context, sustainability criteria come to the forefront in product/ service procurement in order to contribute to the said values. In accordance with the Sustainability Policy, İşbank endeavors to minimize the negative environmental and social impacts caused by suppliers and to raise the positive effects to maximum levels. In this context, the Bank respects environmental and social criteria in its supplier selection.

The Bank follows a procurement strategy that envisages contributing to the sustainability of the ecosystem, including its suppliers, through its social and environmental policies based on growing together with stakeholders. In line with İşbank's ethical banking approach, the Supplier Code of Conduct, based on the UN Global Compact and İşbank Human Rights and Human Resources Policy, determines the main principles and essentials in purchases of goods and services. All suppliers are expected to show due diligence in acting in compliance with these principles and policies and to refrain from behaviors that may be contrary to these principles. In order to carry out healthy and sustainable procurement processes, İşbank expects its suppliers to have values identical to its own.

CIPS Certification

The conformance of the Bank's purchasing organization and processes to international standards was certified with the CIPS (The Chartered Institute of Procurement & Supply) certificate it obtained in 2021. CIPS is one of the leading professional institutes that sets the best practices and standards in the field of procurement and supply chain management. The Bank is the first organization in the Turkish banking and finance sector to receive this certificate.

Within the framework of İşbank's Procurement Implementation Instruction and Procurement Policy, the environmental impact of the products and services to be purchased is also evaluated as per the requirements of the environmental management system in the selection of suppliers from which the products or services needed by the Bank will be purchased. In addition, measures are taken to reduce or eliminate environmental impacts, taking into account the requirements specified in the country's legislation and the Bank's regulations.

The Bank cooperates with suppliers whose working principles are compatible with the Bank's sensitivities in terms of human rights, environmental and social impacts. Supplier selection is carried out within the principles set forth in the Procurement Policy and Implementation Instruction. Article 2 of the Supplier Management Principles states "No person is employed under the age limit defined in the legal legislation." In addition, the Bank does online research and looks into the market sources to gather information about suppliers. Furthermore, suppliers are visited on a regular basis as part of a specially designed program. Within this context, there are no suppliers that employ child labor, or no information has been received in this regard. At the same time, our suppliers are asked whether they have policies to prevent child labor in the Sustainability Survey directed to them once a year

The Supplier Management Principles, Anti-Bribery, Anti-Corruption, and Gift and Hospitality Policies, which set out the basic principles and principles to be followed in the relations between İşbank and suppliers from whom products and services will be purchased, can be accessed from the procurement platform. Thus, suppliers can be informed about procurement processes and policies while registering on İşbank's procurement platform. These policies are also available on the Bank's website and are accessible to all stakeholders.

The Supplier Management Principles on the home page of İşbank's procurement platform detail the sensitivities that suppliers must comply with. The sensitivities specified in the Principles are observed in supplier selection. No purchase is made from suppliers who cannot submit the required documents.

A large proportion of İşbank's suppliers are well-known companies in the sector that fulfill their legal obligations due to their position in society. In the reporting period, there was no information on any negative impact related to suppliers in terms of human rights, working conditions, and social criteria.

İşbank aims to collaborate with its global peers and suppliers in order to be a pioneer in sustainability by benefiting from best practices and product examples. Like environmental criteria, social criteria are also important in the selection of suppliers at İşbank. The Bank is highly respectful of association and collective bargaining rights. Sensitivities on this issue are taken into consideration in supplier selection. Purchases of goods and services from suppliers that are found to be involved in practices of bribery and corruption are suspended, and such suppliers are banned. The supplier cannot employ workers under the age limit defined in the legal legislation. For our suppliers, who were visited regularly, no feedback with a negative social impact was received during their reporting periods.

İşbank works to achieve sustainable business success with a financially strong, environmentally friendly supply chain that is also reliable with high-quality production and continuity. The Bank adopts the principle of continuously improving its employees along with its suppliers, ensuring organizational excellence and consistently improving business processes. When selecting suppliers, the Bank chooses one from its existing pool of suppliers based on the nature of procurement in question or tries to reach new alternative suppliers by looking at predefined criteria. In addition to the specified criteria, the Bank also takes different parameters into consideration, such as reference checks, sector analysis, and financial analysis when identifying alternative suppliers.

Each year, the business unit that uses the product/service is asked a number of questions for supplier evaluation within the supplier performance management study. Specialized employees working in the Procurement Division also evaluate suppliers through the questions directed to them. This study is carried out systematically through the purchasing application for the suppliers that account for a large portion of the purchases.

As part of supply chain management, İşbank expects its suppliers to:

- Act in accordance with environmental and ethical rules,
- Be able to adapt to the developing and changing sector conditions,
- Meet the Bank's expectations of quality-logistics performance,
- Be open to cooperation to reduce the negative impact of the production process on the environment,
- Prefer environmentally friendly raw materials and supplies with minimal impact on the environment in procurement activities,
- Try to minimize the environmental impact associated with their production and logistics processes.

In current procurement processes, environmental/social impacts are taken into account in supplier selection;

- Boxes purchased in 2022 were made entirely from recyclable materials.
- The work chairs purchased for the Head Office buildings and branch managers in 2022 were made of 95% recycled material.
- The carpets purchased for agile offices are carbon neutral.
- High-energy class air conditioners are preferred for the air conditioning requirements.
- Certificates of compliance with environmental regulations such as Waste Electrical and Electronic Equipment Processing Certificate, Non-Hazardous Waste Collection-Separation Certificate, Waste Battery and Accumulator Temporary Storage Permit, Hazardous Waste Transport Vehicle Licenses, and ISO 14001 Certificate are requested from participating companies in scrap sale tenders.
- With the tender held in 2022, renewable energy sources were preferred for the entire electricity consumption under the Bank's control in the electricity purchase for 2023.
- In 2022, hybrid vehicles were preferred for most of the vehicle leasing contracts.

İşbank has adopted the principle of continuously improving its suppliers, ensuring organizational excellence, and consistently improving business processes. The Bank continued to contribute to the national economy by selecting local suppliers in 2022 as well. Therefore, local suppliers accounted for 97% of the total suppliers, while the amount of procurement from local suppliers accounted for 88% of the total volume of procurement during the reporting period.

İşbank also monitors the environmental impacts of its supply chain. In the Supplier Management Principles, it is stated that environmental criteria are also effective in supplier selection. In purchases with high environmental impact, suppliers are evaluated according to their competencies and no purchase is made from suppliers who cannot submit the necessary documents. For such special purchase activities, suppliers that submit the required documentation are preferred, regardless of price.

A Sustainability Survey is sent to suppliers once a year. Suppliers from which the Bank buys a large amount of products/services via its purchasing application are subject to a survey which included 38 questions in the main topics of environment, labor and human rights, ethics, and sustainable purchasing. The survey, which was conducted to understand at what stage suppliers are in terms of sustainability, also aims to raise their awareness on this topic.

A total of 30 suppliers, constituting 57% of purchasing, participated in the survey which was sent to suppliers covering 71% of purchases for 2022. The survey consists of 38 questions in total - 24 under Environment, 8 under Employee and Human Rights, 4 under Ethics, and 2 under Sustainable Purchasing topics.- The survey also includes questions on water management, such as the total amount of water used in production, targets set to reduce water consumption, whether reporting is done for water use, and actions taken to reduce water use.

All purchasing is carried out in accordance with the Supplier Management Principles, Gender Equality, and Human Rights policies available on the Bank's website. The Bank observes gender equality in all its activities and aims to create opportunities to raise awareness on the topic. The aforementioned survey sent to suppliers also includes questions on gender equality.

Business Continuity Management Program

The Business Continuity Management Program, which has been carried out at İşbank since 2009 as a holistic management process aimed at creating an effective response capability to protect the institution's reputation, brand, and value-creating activities, is in compliance with the ISO 22301 standard and legal regulations in Türkiye. Under the program, studies that will constitute inputs to information systems recovery plans and strategies are carried out, and the continuity of our branches is monitored. The program is supported by trainings for all employees.

In 2022, it was ensured that business continuity recovery strategies were implemented within one business day in branches where service interruptions occurred, except for regional disasters; 2 online trainings planned for Business Continuity Coordinators were held on March 29 and 31, 2022 with the participation of 65 managers; all business continuity plans were updated within the studies carried out throughout the year; and all planned business impact analysis studies were completed. The completion ratio of the Business Continuity Management Digital Training, which was directed to a total of 23,019 employees, was 93.99% as of October 2022.

In 2022, the Business Continuity Management Policy, which constitutes the framework of the program, was updated in line with the developments in this field, particularly the Regulation on Banks' Information Systems and Electronic Banking Services (BSEB Regulation). In line with the business continuity experiences gained during the pandemic, the Workflows to be followed by our branches in the event of Prolonged System Outages were published for our branches. The ratio of employees with ISO 22301 Certification among the Business Continuity Team employees was 100%. The inclusion of the Remote Working Service Level Agreement in 2022 among the Service Level Agreements that include monitoring indicators for the continuity of İşbank Information Systems Applications is considered as one of the reflections of new working models on the program.

Considering the reflections of new working models on the activities carried out within the program, studies will

be carried out also in 2023 by adopting the continuous improvement and development approach, which is emphasized in the essence of the ISO 22301 standard, and it is aimed to increase effectiveness with application support as well.

Within the Business Impact Analysis studies carried out under the İşbank Business Continuity Management Program, all Bank processes, including our critical services, are evaluated every year in terms of;

- Financial Impacts
- Reputational Impacts
- Legal, Legislative, and Contractual Impacts
- Operational and Business Goal Impacts

that may occur if processes are interrupted, by the relevant Head Office Divisions, and as a result of the evaluation, the "Criticality Level" of each process is determined as Very High, High, Medium, and Low. Business Continuity Plans are prepared on the basis of each Head Office Division in order to ensure that the processes can be restored before the anticipated Maximum Tolerable Period of Disruption (MTPD) in case of any interruption.

The Information Systems Continuity Plan, which is a part of the Bank's Business Continuity Management Program, ensures the continuity of information systems services that maintain the continuity of İşbank's activities in the event of an interruption and ensures that critical business functions are restarted effectively and efficiently in the event of a major interruption in the Bank's computer and communication resources.

The potential impacts natural disasters and extreme weather conditions may have on our operations are included among the location-based extraordinary conditions the branch/regional/general directorate units may face within the activities conducted for ensuring the Bank's business and service continuity and among extraordinary conditions which may cause interruptions in terms of providing the continuity of the Bank's systems. Said risks are considered in the corporate crisis management processes, and in case said risks occur, the emergency management processes to be implemented are all defined in the Business Continuity Plans and IS Continuity Plan.

Decent Work

At İşbank, employees enjoy **A RESPECTFUL, PEACEFUL, SAFE, FAIR, AND SUPPORTIVE WORK ENVIRONMENT.** Having happy and productive employees with a vision of the future is one of İşbank's primary goals.

Related Capital Elements



Relevant Stakeholders

- Employees

Material Topics

- Employee Rights Loyalty and Satisfaction
- Future of Work and New Working Models
- Equal Opportunity Diversity, and Gender Equality

Risks

In accordance with its general recruitment policy, İşbank only recruits for entry-level positions. All recruitment positions are for recent graduates or young professionals; executives are trained in-house. One of the most important risks is the loss of qualified employees who reached a certain level of maturity within the Bank for various reasons.

Not being preferred by talented and successful new graduates and young professionals

Being affected by global labor crises defined as the “great resignation” and “silent resignation” due to the changing demands and expectations of employees and changing work habits and decreasing employee loyalty

Loss of workforce and reputation due to failure to meet the expectations of existing and potential employees

Opportunities

Being the employer of choice for potential employees with a trusted brand and trusted employer image

Keeping employee satisfaction high by offering employees long-term career opportunities through İşbank's in-house promotion culture

Being a preferred institution for young employees thanks to practices in various fields such as agile business models, artificial intelligence, data analytics, and comprehensive training programs

Being among the leading institutions of the sector in terms of diversity and equal opportunity and being a bank preferred by employees

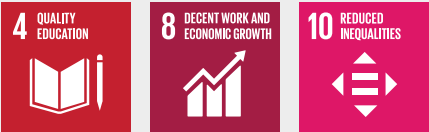
Keeping employee motivation high by prioritizing a work-private life balance

Key Performance Indicators

	2019	2020	2021	2022
Employee turnover rate (%)	1.86	1.6	2.01	1.90✔
Number of practices that support employee satisfaction	18	15	13	16
Participation rate in employee satisfaction surveys (%)	90	88	85	89
Unionization rate (%)	99	98	98	97.5✔
Satisfaction with the human resources practices score as part of the working life evaluation survey	67	71	68	72
Ratio of female employees to the total number of employees (%)	55	55	55	55
Ratio of female employees in senior and middle management (%) (Assistant Manager and above)	45	45	44	42.6✔
Average training hours per employee per year*	25.7✔	25.4✔	29.3✔	43✔
Share of digital trainings within all trainings (%)	30✔	51✔	30✔	25✔
Hours of training per person in management and leadership development programs	14.2✔	11.4✔	16.7✔	22.1✔
Hours of training per person in IT competence development trainings	23.4✔	17.6✔	26.3✔	36.1✔
Hours of training per newly recruited employee in their first year	164✔	145✔	116✔	108✔
Number of suggestions communicated by employees	6,292	4,260	2,950	4,702

*Training figures exclude participants of refresher trainings, while Private Security Officers and Servant Staff are not included.

Contributed SDGs



Targets

Targets for 2022	Realization in 2022	Target Realization	Targets for 2023 and Beyond
Continuing to plan role-based development journeys of newly established areas as part of the agile transformation program, designing training programs that will increase the level of knowledge and develop the skills of our employees according to their competency needs in the newly established competency lines.	While role-based trainings designed with the Agile Management Division continue, Risk Competence Line and Process Competence Line trainings were designed in addition to Customer Experience Competence Line trainings.	⌛	While the role-based trainings of Agile Area employees continue, new training designs will be made together with the Agile Management Division in parallel with changing needs.
Continuing to offer trainings in the “Training Catalogue” designed to support the development of employees in professional development, digitalization, personal development and leadership topics throughout the year.	A total of 59 topics on professional development, digitalization, personal development, and leadership were presented to our employees throughout the year.	✓	Individual Development Plan trainings supported by different learning tools to develop Business Development and Innovation, Result-Oriented Problem Solving, Continuous Development, Customer Centricity, and Human Relations Management competencies will be made available to all our employees at basic, intermediate, and advanced levels, tailored to the competencies that our employees need to develop.
Continuing to reach even more employees with the “Data Analytics Development Program” launched in 2021 to support competency transformation in the field of data analytics and artificial intelligence.	In addition to the phase 1 trainings offered through the digital training platform within the “Data Analytics Development Program” and the Applied Statistics and Applied SQL in Data Analytics trainings in phase 2, QlikSense Data Visualization training was implemented, and a seminar on artificial intelligence was presented to the program participants. In 2022, about 4,500 employees received a total of over 51,700 hours of training under the program. Since the launch of the program in 2021, a total of 2,241 of our employees have improved their data literacy skills, gained knowledge on the fundamentals of data analytics, and received their Phase I certificates. A total of 1,414 of our employees participated in Phase II trainings, which include technical knowledge and application-based courses designed for employees who want to further develop themselves in this field.	✓	Data Analytics Development Program is planned to be continued.
Completing and launching the “New Digital Learning Infrastructure” project designed to increase digital training hours through innovative learning practices that offer employees continuous development opportunities with highly tailored content through an artificial intelligence-based suggestion system and allow employees to access trainings much more easily through a learner-driven approach. Introducing the new learning game, which was prepared to contribute to the acquisition of future competencies by supporting employees’ personal development and their progress in technical banking issues, to employees in 2022.	On 05.04.2022, the “New Digital Learning Infrastructure” project was completed and made available to our employees. Our new learning game “İşLegends” was introduced to our employees on 28.09.2022.	✓	Within 2023, the aim is to continue to improve our digital learning platform “Learning World” by adding new features to improve the user experience aligned with good practice examples. In our “İşLegends” learning game, the aim is to add new mini-games that support competency development and to design a multiplayer structure within the same learning game.

Employee Loyalty and Satisfaction

İşbank believes that the fundamental basis of business success is employee loyalty and satisfaction and considers it a key responsibility to provide a satisfying work environment for its employees. The Bank has a deeply-rooted corporate culture and supports employees with their requirements according to today's modern world. Thanks to its deep-rooted culture and a work approach that keeps pace with the times, employees remain a part of the İşbank family for many years.

Employee loyalty and satisfaction are regularly measured through surveys in the Bank. The results of these surveys, which are conducted in the areas of training activities, performance management, career management, recruitment process, remuneration, and rewarding, aiming to increase employee satisfaction, are evaluated by managers and enable the necessary improvements to be made.

In 2022, 90% of the Bank's employees participated in the employee loyalty and satisfaction survey conducted with the support of a consulting firm. In this study, the employee loyalty rate was measured as 60%.

Practices that support employee satisfaction at İşbank include online tours and workshops, culture and art events, special employee discounts obtained from various organizations, and practices aimed at increasing employee volunteering support. The running team, which also included employees of the Bank, attended marathons for the benefit of different foundations in 2022 and collected donations for the relevant foundations with the support of our employees.

The presence of long-term employees is an important indicator of employee satisfaction and loyalty. 76% of its employees have been working for İşbank for more than 10 years. As of year-end 2022, the employee turnover rate was around 1.90% ✓, and the voluntary turnover rate was 3.75%.



Employee Rights

İşbank guarantees a work environment where employee rights are fully respected. All the Bank employees are free to join trade unions within the scope of freedom of association and act of their own free will. 97.5% of the Bank's employees are union members. The Remuneration Policy, which is based on the Bank's internal regulations and the provisions of legal legislation, especially the Collective Labor Agreement, defines all economic and social rights of employees. The ultimate authority and responsibility for ensuring that the Bank's remuneration practices are managed effectively within the framework of the relevant legislation and this Policy rests with the Bank's Board of Directors. The İşbank Remuneration Committee is responsible for the preparation of decisions regarding remuneration to be submitted to the Board of Directors for approval, ensuring the compliance of remuneration with the Bank's risk appetite, ethical values, internal balances, and strategic goals, and regularly monitoring the effectiveness of the Policy.

It is essential that the remuneration of the Bank's managers and employees at all levels is in line with the Bank's ethical values, internal balances, and strategic goals and is not associated with the Bank's performance.

The salaries of senior executives are determined in accordance with the Bank's strategies, long-term goals and risk management structure and are designed to prevent excessive risk taking. The wage package of the Bank consists of salary, bonus, meals, foreign language compensation, dividend payment determined by the Articles of Incorporation, and other fringe payments that may vary depending on seniority and/or scope of the job. Payments such as high productivity allowance, product-based sales bonuses, and executive bonuses may also be made to employees in line with their individual performance.

In the coming period, it is planned to establish an incentive-based remuneration system for the Executive Board and other senior executives based on specific performance indicators related to sustainability in line with the Bank's strategic priorities.

Manager and manager candidates working in branches and the Head Office divisions receive premium payments on an annual basis. Attention is paid to ensure that the manager premium payments are aligned with the performance of employees, the Bank's long-term strategy and the risks assumed. There is no variable remuneration practice for key employees in the Bank.

In 2022, the "Personalized Goal Setting and Systematic Bonus" was introduced to cover all employees, and the target cards consisting of individual and team goals began to be used to evaluate the success of business results.

Within the Collective Bargaining Agreement signed with the Bank-Finance and Insurance Workers Union (BASİSEN), all employees, regardless of title and seniority, are eligible for healthcare benefits as per the principles of the Healthcare Benefit Implementation Regulation, as well as facilities such as food service and personnel transportation services, and other benefits and support packages such as marriage support package, maternity allowance, child allowance, natural disaster support, goods transportation allowance and immigration allowance. Part-time employment of university students under contracts has started at İşbank, but these employees cannot benefit from the provisions of the Collective Labor Agreement due to their individual contracts.

At İşbank, the principle of freedom of employment and contract applies. At İşbank, which is among the organizations with the highest rate of unionized employees in the sector, there are no activities that pose a risk of forced labor.

In 2022, online sports workshops were organized for employees. Relevant videos were shared through an application that employees can benefit from continuously.

İşbank supports its employees with practices that go beyond their fundamental rights and freedoms:

- İşbank contributes to the sportive lives of its employees with the gym located in the Head Office and TUTOM buildings that is available for all employees.
- The Bank has practices that go beyond the legislation. Annual leave, maternity leave, disability and unpaid leave arrangements specified in the Collective Bargaining Agreement can be expanded to grant rights in favor of employees beyond the legal regulations.
- There is also the practice of granting administrative leave by the direct managers upon request of employees for personal matters. The remote work practice put in place in connection with the pandemic means the employees now have more time to deal with their personal matters.

The Future of Business and New Working Models

With the COVID 19 pandemic, the remote working culture entered business life. Until October 2022, the Bank tried different working models determined by prioritizing employee and customer health and closely monitored the development of many parameters such as employee loyalty, employee happiness, business performance, and customer satisfaction. In the reporting period, when pandemic-related concerns and health measures were almost over, it was observed that remote and hybrid working was adopted as a valid, new working model in the world and in our country. Thus, until the end of 2023, İşbank employees will continue to work with a setup of;

- Remote working for teams in the fields of technology, remote service, remote sales, and operations working at least 2 days a month in the office,
- Hybrid working for business units and development teams,
- Full-time office work for teams that need to be in the office due to the nature of their work.

In addition to Head Office employees, branch employees can also work remotely in line with the principles to be determined at the initiative of the branch manager.

In addition to the Head Office premises, modern offices called MaxiOfis are being opened in different provinces in line with the "İşim Her Yerde" approach and with the principle that these jobs can be performed from "An İşbank Office" at any location where employees are located, in cases where the work to be done can be performed independently of the location. Considering the office usage needs evolving with the new working model, 8 MaxiOfis locations were opened in Istanbul, Izmir, Ankara, Adana, Antalya, and Trabzon, which can be used by all employees whose work is suitable for remote working, especially remote workers and employees assigned to different cities.

In office designs, the aim is to create spaces that offer comfort, flexibility, and new opportunities that increase employees' sense of belonging and strengthen positive interaction in business life with social space

solutions considering community health. Realized with this vision, MaxiOfis locations are contemporary and modern workspaces with spacious and next-generation design, cafés and recreation areas, libraries and private meeting rooms. These offices are organized according to the hybrid working setup, with desks and meeting rooms made available to all İşbank employees by being included in the booking system. In this way, workspaces that can be booked and used for different purposes such as collaborative work, events, meetings, and customer meetings, when needed, are available to all employees without space and table ownership and can be used more effectively and efficiently.

In order to manage human resources effectively and to provide location-independent access to the next-generation competencies needed, functions such as remote service, remote sales, data analytics, and operations, which the Head Office units want to expand strategically, were made functional under the scope of competency lines. With assignments to these functions, the aim is to increase the welfare and standard of living of more employees by meeting the demands of employees who request transfers to different cities. MaxiOfis locations are being determined by taking into account the demands and needs of employees. With this practice, the Bank is able to access the next-generation competencies it needs regardless of location, and employees are offered different career alternatives. Currently, 445 employees are performing their duties in this context. Also in 2023, the Bank plans to continue opening new MaxiOfis locations where needed and to assign employees in Anatolia to these offices within the scope of the competency lines specified.

With the introduction of remote and hybrid working and the experience that flexible working models are also applicable, employees have found the opportunity to work from different cities within the framework of their needs. Employees who request it have the opportunity to work permanently in MaxiOfis locations opened outside Istanbul if their managers find it appropriate. In this way, it has been possible to create an alternative to the increasingly difficult living conditions in Istanbul.

Agile Workshop

Despite its large corporate structure, İsbank is an institution with fast decision-making processes. An important component of this working system is the "agile areas" established in critical areas. In agile areas where employees from different functions come together, fast and innovative solutions are created for critical questions.

With the addition of the 10 Agile Areas in 2022, there are now a total of 22 Agile Areas, 1,500 employees working with the agile working model, and 185 Agile Teams.

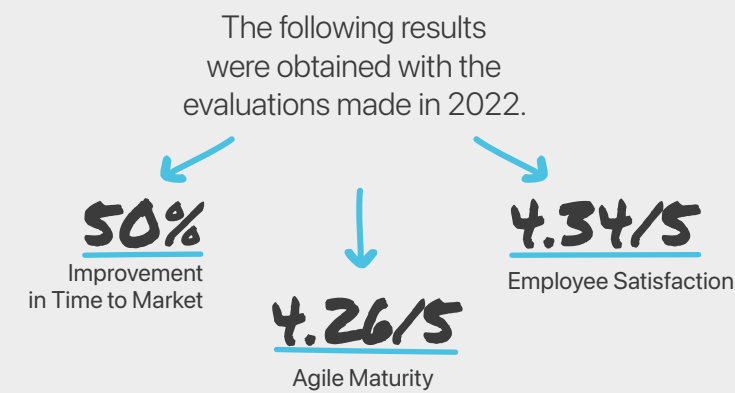
Within the Agile Academy, a training catalogue and learning journeys consisting of 23 modules were designed in a structure that can serve external companies.

In 2022, within the agile transformation efforts, divisions with functions such as payment systems and product development were restructured under the agile working model in line with İsbank's strategic goals and started their activities with a focus on providing more innovative products and services to our customers. The Agile Service Unit, which creates value for the customer and receives business from the same service pool, was put into practice.

With the Panel, which was commissioned to strengthen the institutional framework of the agile working model and to ensure that employees' Field-Team-Competence Line-Role information can be monitored instantly through the system, employee information working in agile organizations can be monitored and reported instantly through the system. The new Software Development Life Cycle, which ensures that all existing processes, from the planning of a job in agile areas to the period after it is taken into the production environment, are carried out in accordance with the agile model, has been implemented in all areas. In the JIRA application, where agile teams engaged in software development carry out business planning, a Single Backlog structure where business and software needs can be managed through the same backlog was implemented. In this way, the software development and release processes of agile organizations have become more efficient.

The structure required for measuring and evaluating the innovation rate in the works produced by Agile Teams has been put into operation. As of 2023, the aim is to take various actions to increase the innovation rate of Agile Team work lists through monitoring.

In 2023, it is planned to spread agile values and an agile mindset in all Head Office Divisions.



Equal Opportunity, Diversity and Gender Equality

At İsbank, providing equal opportunity to all employees without discrimination is a material topic. On the basis of diversity, inclusion, and equal opportunity, discrimination based on factors such as gender, language, religion, ethnic origin, and age is not permitted in business processes. Attaching special importance to ensuring gender equality, the Bank conducts training and practices in this regard.

İsbank is a signatory to the Women's Empowerment Principles (WEPs), which were launched by the United Nations Environment Program Finance Initiative and aim to empower women to take part in economic life in all sectors and at all levels. The Bank is a corporate member of the 30% Club's Türkiye Network, an international initiative that aims to increase the number of women on the boards and in executive leadership of companies worldwide.

One of the institutions with the highest number of female employees in Türkiye, 55% ✓ of İsbank's employees and 42.6% ✓ of its executives are female.

There are 11 executives on the Bank's Board of Directors, 1 of whom is a woman. The ratio of female executives on the Board of Directors is 9.09%. In recruitment, all candidates are provided with equal employment opportunities without gender discrimination. Of the job applicants, 43.58% are female and 56.42% are male. Of the Bank's recent graduate employees, 47.07% are women and 52.93% are men.

At İsbank, which is among the institutions with the highest number of female employees in Türkiye, providing equal opportunities to all employees without discrimination is a corporate priority.

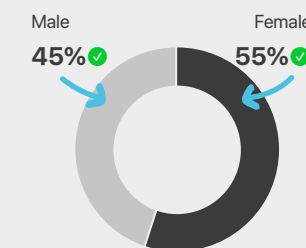
Our Gender Equality Strategy

İsbank has supported women since its foundation. By becoming a signatory to the United Nations Women's Empowerment Principles (WEPs) in 2020, the Bank reinforced this egalitarian approach and committed to playing a role in supporting and facilitating women's participation in employment in Türkiye. Inclusion in the WEPs has created a complementary framework for existing efforts. As an extension of this approach, the Gender Equality Policy was established in 2021 with the decision of the Board of Directors. With the Board's decision, the Board of Directors Diversity Policy was put into effect in 2022.

In 2022, a program was established to put the Bank's efforts on gender equality into a structural framework under the Gender Equality Policy. The aim of this program is to develop good practices that create impact by considering all stakeholders in the Bank's value chain. For this purpose, a 4-pillar structure was designed with the dimensions of employees, suppliers, customers, and society. Working Groups, which include various business units of the Bank, continue to work on this topic through various actions.

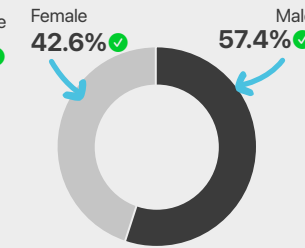
 To access the Gender Equality Policy, please click [here](#).

Breakdown of Employees by Gender*



*Employees with the title of Private Security Officer are excluded. Ratios including Private Security Officers F: 51%, M: 49%

Breakdown of Managers by Gender*



*Assistant Manager and higher titles

55%✔

Female employee ratio

53.29%

Ratio of female employees hired in 2022

44.59%

Ratio of women in the lower middle pay quartile at the Bank

42.6%✔

Ratio of female managers

39%

Ratio of female employees in the top 10% of the Bank's highest paid employees

49.77%

Ratio of women in the low pay quartile at the Banki

12%

Ratio of female engineers

15.75%

Ratio of female senior executives

50.01%

Ratio of women in the highest pay quartile at the Bank

4.85

Average unadjusted gender pay gap

36.05%

Ratio of women working in information technology (IT)

55.25%

Ratio of women in the upper middle pay quartile at the Bank

99.7%✔

Rate of female employees returning from maternity leave

Equal pay for equal work

The Remuneration Policy covers the employees and managers of the Bank at all levels and is under the responsibility of the Remuneration Committee, which directly reports to the Board of Directors. Remuneration is managed through transparent and measurable processes and systems, and there is no gender-based wage differentiation within the remuneration policy. As of December 2022, regardless of role and responsibility, the median salary payment to female employees in the Bank was 9% higher than the median salary paid to male employees.⁵¹

The 2022 "Gender Equality in Remuneration Audit Report" was submitted to the Audit Committee on 09.02.2023. The said report concluded that the remuneration of female and male employees did not differ according to gender in the conjugate study as of the date of commencement of employment, the date of the last title change, and the date of the last level change.

⁵¹ In the calculations, monthly regular payments made to employees working in Türkiye as of November 2022 regardless of their performance were taken into account. Payments such as overtime pay, cash compensation, shift compensation and other social benefits and non-guaranteed payments made once a year were not taken into account.

Career opportunities

A joint program was developed with Upschool to increase the number of competent women to work in technology and digital activities at İsbank. Only female candidates, who are the 4th can apply for the program, women who are 4th-year university students or graduates, are not over 30 years of age and succeeded in the evaluation process will receive technical training for 10 weeks and then have the opportunity to work in the Information Technologies, Data Management, or Head Office business lines at the Bank.

Awareness for equality

İsbank implements gender equality practices covering all employees and activities in line with the principles of equal opportunity and diversity. "Diversity and Inclusion" training was organized for Head Office and Branch managers. Aiming to raise awareness on unconscious prejudice, the training, in which gender equality and tools and methods to reduce discriminatory behaviors were discussed, was attended by 313 managers in December 2021 and 1,794 managers in 2022. The "Leader Women" Program was launched in 2022 to encourage more active participation of female employees in management and to support their development on their way to senior management positions. 123 managers have participated in the program, which includes classroom trainings focusing on furthering leadership competencies, as well as experience-sharing meetings where participants will come together in small groups periodically throughout the year under the mentorship of experienced managers. The program is planned to continue in the future as well.

Within the scope of awareness-creating and consciousness-raising trainings focused on themes that support İsbank's sustainability vision and the United Nations Sustainable Development Goals, the following Management Development Conferences were organized for managers and manager candidates: "Sexism Behind Politeness: Culture and Language", "Sustainability through the Lens of Gender Equality", and "Law Against Violence: Empowerment through Rights". In addition, "Better is Possible with Inclusive Leadership" training in the Branch Managers Training Catalogue and "Women in Business Life and Inclusive Leadership" training in the Leader Women Program were organized. A total of 749 of our employees' self-awareness on tacit prejudices was supported through these trainings.

A 2-hour "Diversity and Inclusion" course is provided to new recruits with the titles of Officer and Assistant Specialist within the Starting My Career Trainings and to employees promoted to Senior and Assistant Manager roles in the career training programs. In this course, tacit prejudice and gender equality are covered for 1 hour. In the 2-hour training "The Richness of Differences: Diversity and Inclusion", which was included in the Training Catalogue offered to all our employees with the principle of equal opportunity, a 20-minute section of the training was on gender equality, and a 40-minute section was on tacit prejudice, totaling one hour of discussion on these 2 topics, and a total of 1,204 people participated in the related trainings. In addition, discrimination, prejudices, and gender inequality topics were conveyed in the 45-minute section of the 2-hour "Equality in Language and Communication" training included in the Training Catalogue, and 60 people received this training. Furthermore, the "Ethical Principles and Operational Rules" digital training was made available to employees. The training included detailed information on the Bank's ethical principles and operational rules; quality, compliance, and risk policies; the principles on the Policy for Combating Financial Crimes and Sanctions and Compliance Program, Compliance with Competition Law and provision of Information Security; and information on the "Ethics Hotline" where employees can report any violations or suspected violations of ethical principles. The Correct Approach towards Disability and Sign Language trainings continue to be offered as mandatory trainings.

İsbank always considers gender equality in its marketing and advertising activities. Women/female farmers play an important role in the agricultural sector. In order to demonstrate this importance and appreciation, the Bank evaluates its advertising and marketing content from this perspective and approaches the positioning of women, the expressions in texts, the selected visuals, and scenario flows within this framework. Content for use in the Bank's marketing and advertising activities is prepared with sensitivity against gender discrimination, reviewed by the relevant teams before publication, and evaluated in terms of all prejudices and identity distinctions, including gender. In case some or all of the content is deemed inappropriate, feedback is provided to the relevant business units and contracted third-party companies, and business processes are also developed in this regard. In machine learning models, care is taken not to use gender information and information such as "date of maternity leave" that may lead to gender prediction. There were no complaints of gender discrimination in marketing and advertising activities.

Support for Women

In cooperation with TÜRKONFED and İsbank and with the support of UN Women Regional Office for Europe and Central Asia, the "WeLead (Leading Women Entrepreneurship for Accelerating Development)" project was launched for women

entrepreneurs. The project aims to improve the capacities of entrepreneurial women and strengthen their communication networks. Within the project, training content on financial and non-financial topics was prepared for entrepreneurial women regardless of sector and scale.

Within this scope, face-to-face trainings on E-commerce, Digital Marketing and Global Marketplaces, and Gender Responsive Procurement were held in Istanbul on June 29, 2022; Introduction to E-Commerce and Sales in Marketplaces in Trabzon on October 11, 2022; Entrepreneurship and Introduction to E-Commerce and Sales in Marketplaces in Antalya on November 16, 2022; and Digital Marketing and Introduction to E-Commerce and Sales in Marketplaces in Kayseri on November 29, 2022.

Online trainings were held on August 17, 2022 on Company Establishment and Taxation, on September 7, 2022 on Entrepreneurship, on September 28, 2022 on Introduction to E-Commerce, on October 5, 2022 on E-Accounting, E-Invoice, on November 3, 2022 on Micro Export, on November 11, 2022 on Trademark, Patent and Design, on December 7, 2022 on Quality Process Improvement and Process Development, and on December 15, 2022 on Facebook Ad Panel.

An Entrepreneur Women Meetings event was organized in Adıyaman on September 20, 2022.

By offering financial and non-financial services to women entrepreneur customers, the Bank aims to increase the loyalty of existing customers and acquire new ones. İsbank regularly monitors the depth score of women entrepreneur customers, which indicates product penetration and establishment of profitable relationships, product ownership means in POS and corporate credit card products, which make a high contribution to the expansion of the Bank's demand deposit base, their total combined shares, and their Commercial NPL ratios. The Bank has Women Entrepreneur Loan and Eximbank Funded Women Entrepreneur Export Support Loan Campaigns for women entrepreneurs.

Family-friendly employer

The family life of its employees is important for İsbank. Accordingly, the Bank conducts practices that support the balance between the work and private lives of its employees.

For female employees, pregnancy and the postpartum period can affect their work life. In order to avoid such disruptions, İsbank puts in place practices that will facilitate the return of female employees to work after childbirth. Thanks to these practices, 99.7%✔ of female employees who took maternity leave in 2022 returned to work.

The positions of female employees on maternity leave are preserved, and following the end of their leave, they can continue their duties in the same position and in the same location. They can request unpaid maternity leave before starting work or benefit from part-time work arrangements. For new mothers, breastfeeding rooms have been allocated to create a more comfortable working environment after maternity leave. Employees using breastfeeding breaks can also benefit from personnel transportation services. Mother and child benefit from the comprehensive health benefits offered by the Bank. Children between 36-72 months of age of female employees working at the Bank's TUTOM location can benefit from the Private Tuzla Bilfen Kindergarten operating at the relevant location. All employees with children are provided with a maternity and child allowance. Male employees can take a longer paternity leave than the length of leave specified in the regulations.

Compliance with Operating Principles

If, during routine audits conducted by the Board of Inspectors, suspicion arises that the Bank employees do not conform to work standards, or if the Board receives a claim that the operating principles are not complied with, the issue is meticulously reviewed. If tangible evidence is found that proves such suspicion or claim, the reports prepared to allow the necessary administrative decisions to be made in accordance with the Bank's collective labor agreement and the legislation are reviewed by the Board and then transferred to the related Head Office Divisions for action.

For behaviors that are found to be in violation of the Bank's policies, the necessary disciplinary action, up to termination of the employment contract, is taken according to the Human Resources Regulation and applicable provisions and procedures of the Collective Labor Agreement. Where circumstances warrant legal action, the violation is brought to the attention of legal authorities. Accordingly, 46 investigations were carried out and referred to the related Head Office Divisions in 2022.

Sexual harassment allegations submitted to the Board of Inspectors are examined by the Board, and the findings are transferred to the relevant disciplinary units of the organization in accordance with the provisions of legal and internal regulations.

Internal Communication and Employee Participation

For İşbank, the ideas and suggestions of our employees are valued. The Bank listens to the employees' suggestions, complaints and feedback via constant communication channels and reflects them in its management and decision-making processes. There are various platforms aimed to systematically ensure employee participation at İşbank.

- As part of the Employee Communication Platforms and Programs (ÇİPP), trend surveys are conducted among employees, and they contribute to the planning of new activities. Innovations such as cultural tours, competitions and e-sports activities have been introduced via this platform, and the participation of employees in social responsibility activities has increased. Thanks to the hobby and interest groups created through ÇİPP, employees are given the opportunity to expand their communication networks within the Bank.
- HR Help Desk (Maximo) is a practice where employee opinions, evaluations, requests and complaints are received and forwarded to the relevant units.
- There are mechanisms based on in-house confidentiality where employees can report their complaints about the workplace. Employees can report actual or suspected violations of İşbank's Ethical Principles and Operational Rules, the Bank's policies and internal regulations, as

well as national and international legislation via the Ethics Hotline. It is essential that the reports are kept confidential; and unless expressly requested, the name of the reporting person is kept confidential. Employees are not exposed to any disciplinary action, direct or indirect retaliation, or put at any disadvantage compared to their peers for reporting a violation.

- Submissions coming through the "Negative News Line" can only be viewed and directly answered by the CEO. Thus, employee privacy and confidentiality is protected at the highest level. In 2022, 761 employees created 812 negative news items, and product and process improvements were evaluated by the related business divisions.
- The "About Me" platform was created to enable employees to communicate issues they deem useful to be known by the Human Resources Function and to support the Bank's decision-making processes with accurate and detailed information. The information entered on the platform can only be viewed by authorized persons in the Human Resources Management Division and by the employee themselves, and the confidentiality of the shared information is essential. Through this platform, employees can make notifications under the topics "About My Family", "About My Health", "I Have a Complaint", "I Have a Wish", and "About My Career".
- The aim of the "I Have a Suggestion" application is to create new applications and solutions related to the banking system together with employees by utilizing their knowledge and experience, thereby improving and enhancing the customer experience. Suggestions can be entered into the system by all our employees, provided that they bring innovation and benefit to the Bank's practices and that each suggestion covers a single topic. Another aim of the application is to develop employees' creativity and increase their sense of job satisfaction by making them more participatory. Suggestions entered by employees are subjected to a preliminary evaluation by the Corporate Architecture Division according to their prior presence in the agenda and availability in practice. Then, if necessary, they are directed to the relevant Divisions according to the subject matter. Suggestion owners are provided with responses via the system within a maximum of 15 days from the date of suggestion entry. Suggestion owners can monitor the outcome of their suggestions through the system. At the end of these processes, suggestion owners are given gift vouchers from İş Kültür Publications for suggestions that are deemed favorable and approved for implementation.

Within the reporting period, 3,669 out of 4,702 suggestions entered were evaluated by the relevant divisions, and 434 were implemented. The remaining 1,033 suggestions are under evaluation.

Employee Health and Safety

Ensuring a healthy and safe work environment for employees in compliance with international standards is one of the main responsibility areas of İşbank. The most authorized person in charge of OHS at İşbank is the Human Resources Management Division Manager, two reporting levels lower than the General Manager. In line with the provisions of the Occupational Health and Safety Law, OHS Committees where employees are represented are established in the Bank's buildings having more than 50 employees.

As of year-end 2022, there are 40 OHS Committees operating at İşbank. The OHS Committees convened 151 times during the year, with 361 committee members participating, including 107 employee representatives.

Maintaining a healthy and safe work environment is as important as providing such an environment. And this is possible if employees have OHS awareness. İşbank organizes trainings to increase OHS awareness among employees. In 2022, 49,344 person-hours of OHS training were provided to 9,454 employees.

İşbank's Occupational Health and Safety Policy was approved by the Board of Directors, announced to all employees, and published on the Bank's website.

International Award to İşbank in Occupational Health and Safety

In 2022, İşbank was awarded the "International Occupational Safety Award", one of the most prestigious awards in the world in the field of occupational health and safety, organized by the British Safety Council.

In 2022, **49,344** person-hours of OHS training were provided to **9,454** employees.

Preferred Employer

İşbank aims to become the preferred employer for qualified humancapital. By attracting a potential workforce, the Bank contributes to the development of young employees, increases the sustainability and brand value of the organization, and retains existing employees. The Bank communicates with potential employees and university students through various channels in order to reach potential qualified employees.

Communication with university students takes place via campus communication, student clubs and career centers. Employees representing the business divisions of the Bank share the corporate culture and their personal experiences with the youth. In-house technologies and innovation studies are communicated to the students.

Within the scope of the Master Class Internship Program and Future Hub programs for students in their last two years of university education, young people are provided with the opportunity to get to know the institution closely, work on joint projects with current employees, and gain personal and professional development opportunities through online training.

Depending on the requirements of the position, online exams and recruitment processes are monitored. Thanks to online applications, the Bank offers employment opportunities throughout the country. There are internship programs for students in their last two years of university education, which allow young people to become more familiar with the Bank, observe existing employees, and benefit from their perspectives.

Besides universities, İşbank also collaborates with non-governmental organizations. As a result of such collaborations, various development programs are undertaken. Through projects carried out jointly with U2C, Upschool organizations, 1 million jobs program and the Yenibirlider Association, part-time work opportunities are offered to university students, and the Future Hub Development Program is organized for young people. Within the scope of development programs, university students are offered mentorship, as well as the right to benefit from in-house trainings and the opportunity to participate in art events organized by the Bank and İş Sanat. This not only helps young people in their education but also enriches their cultural and personal development.

Talent Management

İşbank continuously invests in human capital. Accordingly, the Bank offers its employees opportunities to improve their skills throughout their career journeys and prioritizes the development of future skills as a strategy. A wide range of training programs and learning opportunities, personalized with pioneering technologies and offered in line with the principle of equal opportunity, contribute to enhancing the competencies of employees. Supporting the continuous development of employees is also aligned with İşbank's vision of "being the bank of the future that creates sustainable value".

Newly recruited employees participate in "Starting My Career" training programs, differentiated according to the specific title and duties of participants, starting from their first day on the job. Employees can benefit from various trainings offered in the "Training Catalogue" on their specific needs and preferences and attend seminars on different topics offered under the "İş'te Sohbetler" brand. Within the scope of the Training Catalogue, more than 4,850 of our employees participated in the trainings held in a total of 59 areas in 2022, including professional development, digitalization, personal development, and leadership.

Trainings were held on different subjects by taking into account the types of branches, roles and the duties and responsibilities associated with these roles in order to support field employees with their competency transformation. The "Sales Academy Phase 3" training program for individual sales teams and the "Sales Academy Phase 4" training program designed in 2021 continued, taking into account the next-generation customer behaviors and expectations. In addition to the trainings organized for commercial sales teams, the "Tradespeople, SME and Agriculture Academy", which focuses on getting to know tradespeople, SME and agricultural customers, was launched and offered to employees in 2 modules.

Within the role-based trainings designed specifically for the roles in Mixed, Commercial, Corporate, and Private Banking branches, the number of people who participated in training in 2022 reached over 28,900 and over 162 thousand hours of training were provided. Trainings on different subjects were also held to develop sales competencies and increase the technical knowledge of direct sales teams, and more than 380 employees in direct sales teams in personal, commercial and agricultural segments received over 3 thousand hours of training.

Role-based trainings designed together with the Agile Management Division continued in order to ensure the

best functioning of the agile model in the Bank, to spread the agile philosophy and framework, and to support the adaptation and development of teams. Technical trainings and competency development programs were organized to address special agile working principles according to the needs of Team Member, Product Owner, Agile Ambassador, Agile Coach, Competency Line Leader and Area Leader roles.

Among the programs that support employee development and competency transformation in line with the competencies of the future, the Data Analytics Development Program, which focuses on data analytics competency, continued in 2022 with high demand and participation. The program is available for use by all employees, regardless of title and role. It is intended to help employees understand data, gain new skills related to working with data, develop data literacy and establish a data-driven, decision-making culture. In 2022, about 4,500 employees received over 51,700 hours of training in the program, which starts with basic level training and continues with applied training on data analysis techniques and data visualization tools for employees who want to further develop themselves in this field.

The Digital Academy was designed to develop the digital competencies of employees in the fields of User Experience and Digital Marketing with the aim of providing employees with the competencies that will be needed in the future today and to ensure competency transformation within the scope of the future business model and was presented to employees in the form of learning journeys. The first 2 modules of the program, each consisting of 5 modules designed with a mixed learning model, were opened to employees within the year, and a total of 48,289 hours of training were provided within the Digital Academy. The remaining modules are planned to be offered to employees in 2023.

At İşbank, management and leadership development programs consist of technical and competency-based trainings that are held for managers with different titles and designed to support the competencies required for the specific role in question.

Leadership development programs aim to strengthen the next-generation leadership competencies of the Bank's managers and promote a winning culture and a leadership approach focused on continuous development. Within the academy programs designed specifically for business areas such as marketing, innovation, data science, and artificial intelligence architecture, 127 employees attended a total of 5,940 hours of training in 2022.

All employees can access various on-demand digital content such as videos, e-learning, and games, from a single platform via the "Learning World" digital learning platform. Infrastructure changes in the "Learning World" platform were completed, and the new system was made available to employees. The new "Learning World" has taken its place as an important reference source in the development journeys of employees with its artificial intelligence-supported suggestion engine and more user-friendly interface, an ever-enriching range of content, and the addition of different systemic features in a structure that can support employees' development processes more effectively and meet various needs that will arise in the future. As of the end of 2022, there are more than 750 contents in the Learning World.

In addition to supporting the development of employees' professional and personal competencies, the Bank's range of learning tools was expanded to contribute to the acquisition of new competencies in line with changing needs. A collaboration was realized with the Neoskola platform, where content prepared by leading expert trainers is presented with high production quality, and training videos on 10 topics were made available to employees. In addition, the Vidobu platform, which includes learning videos prepared by expert trainers, was also made available to the Bank's employees.

Within the "Sustainability Digital Training Series", which was prepared to inform employees about the concept and history of sustainability, why we need to achieve sustainability and corporate practices within the subject, "Sustainability - State of the World", "Sustainability - History of Sustainability", and "Sustainability - Business World and Sustainability" digital trainings were made available to employees as of the third quarter of 2022. In the fourth part of the training series, the content production process of which is ongoing, the efforts put forward by the finance and banking sector for sustainability will be conveyed, and it is aimed to be made available in the first quarter of 2023. The digital training of the same name, which was prepared to increase awareness of sustainable development goals and to inform employees about the Bank's work within the scope of Sustainable Development Goals, was presented to employees in December 2022.

The "Mutual Fund Recommendations" digital training program was created to inform employees about new

products and applications. The program consists of more than 40 short videos, including the "Renewable Energy Mixed Fund", "Electric Vehicles Mixed Fund", and "Gold Fund", which are managed with the expertise of İş Portföy A.Ş., a subsidiary of İşbank, and offered to customers.

Work was completed on the preparation of a new learning game to raise employees' awareness of the Bank's strategic goals, support them in acquiring future competencies in line with future banking and evolving business needs based on it, and to contribute to their knowledge of the Bank's vision, mission, and values. The İşLegends learning game, which is a next-generation continuation of the Bank's learning game culture that started with İşVille and İşGame, centered on competency development, was made available to employees on 28.09.2022. 3,385 employees participated in İşLegends, and over 900 thousand questions were answered.

Performance and Learning Culture

İşbank executives are trained from within the Bank. This means that employees are also the executives of the future. All employees have the opportunity to be promoted to managerial positions in line with their performance. Therefore, the Performance Management System plays a key role in İşbank's human resources practices. With the performance evaluation process, employees can take the necessary steps regarding their career development. In 2022, performance feedback was provided to 21,466 employees.

Assessment Center Practices

The Transition to Management Assessment Center Application, an additional decision support mechanism, was designed so that the transition to the management career stage of employees of certain title groups at İşbank is based on more objective and concrete criteria. This mechanism was designed in a structure that will demonstrate whether the employees have the competencies that are considered critical for high performance in the target position for which they are candidates at the expected level and whether they are suitable for the relevant position, enabling the right employees to be promoted.

A total of 596 employees were included in the assessment between June 13, 2022 and September 27, 2022.

04

Good Corporate Citizen

- 130 Transparent and Ethical Management
- 184 Contribution to Social Welfare



Related Capital Elements

- Financial Capital
- Intellectual Capital
- Social-Relational Capital

Material Topics

- Business Ethics
Transparency
Corporate
Management and
Reporting
- Efficient Risk
Management

Relevant Stakeholders

- Shareholders
- Investors
- Employees
- Customers

Transparent and Ethical Management

An important component of İşbank’s pioneering position in the sector is its **ETHICAL AND PRINCIPLED BANKING** approach, which is also the foundation of the Bank’s reputation. Preparing to celebrate its 100th year, İşbank is identified with trust and reputation in the banking sector. İşbank’s management approach is based on its deep-rooted history, complies with international standards, and aims to create value for all stakeholders.

Risks

- Penal sanctions due to non-compliance with rapidly changing and increasing legal regulations
- Being out of the competition as a result of the top management’s knowledge and experience level not keeping pace with the changing economic conjuncture
- Risk of loss of trust with stakeholders and dismissal from relevant engagements due to failure to meet reporting and information sharing requirements

Opportunities

- Increasing the interest of investors and customers with an excellent reputation and brand value
- Becoming an international financial institution by being included in various indices as a result of corporate compliance efforts
- Contributing to reputation management with transparent information sharing, gaining a competitive advantage in different performance areas

Contributed SDGs



Key Performance Indicators

	2019	2020	2021	2022
Number of employees receiving Anti-Bribery and Anti-Corruption Training	7,577	7,830	5,716	17,015**
Total hours of Anti-Bribery and Anti-Corruption Training	3,115	857	627	2,130

Risk Management	Number of times the Risk Committee convened: 12	Number of times the Risk Committee convened: 12	Number of times the Risk Committee convened: 11	Number of times the Risk Committee convened: 11
	Conducting loss event data analysis	Number of times the Operational Risk Committee convened: 1	Number of times the Operational Risk Committee convened: 2	Number of times the Operational Risk Committee convened: 2
	Completion of scenario analysis	Conducting loss event data analysis	Conducting loss event data analysis	Conducting loss event data analysis
	Conducting impact-probability analysis	Completion of scenario analysis	Completion of scenario analysis	Completion of scenario analysis
	Conducting Top-Down Risk Assessment	Conducting impact-probability analysis	Conducting impact-probability analysis	Conducting impact-probability analysis
		Conducting Top-Down Risk Assessment	Conducting Top-Down Risk Assessment	Conducting Top-Down Risk Assessment

Audits carried out by the Board of Inspectors

Number of domestic branch audits	245	186	175	79*
Number of foreign branch audits	2	4	2	3
Number of subsidiary audits	7	10	10	8
Number of Head Office division audits	14	12	24	20
Publishing of Integrated Annual Report	-	-	Completed	Completed
Number of social media followers (million)	2.6	2.7	2.6	2.7

Developing cooperation with national and international initiatives See. Initiatives Supported in the Field of Sustainability

Fulfilling UNEP FI Principles for Responsible Banking commitments See. Initiatives Supported in the Field of Sustainability

Fulfillment of NZBA commitments See. Initiatives Supported in the Field of Sustainability

*The number of branch audits decreased as the number of central audits and regional audits increased.
**The main reason for the increase in the “Number of People” is the digital training “Policy for Combating Financial Crimes and Sanctions and Compliance Program”, the content of which was renewed and assigned to all employees as legal compliance training in November 2021.

Targets

Targets for 2022	Realization in 2022	Realization	Targets for 2023 and Beyond
Developing the risk management skills of employees to spread the effective risk management approach to the entire Bank and spreading the “Risk Culture in Our Bank” digital training, which was given to increase their awareness on the subject.	Reminder e-mails and various communication activities were carried out to ensure that employees completed the “Risk Culture in Our Bank” digital training in 2022. By the end of 2022, the number of employees who completed the training exceeded 14,500.		A “Loan and Risk Management Academy” will be established in 2023 to increase the level of knowledge of our employees who are planning to work in the risk management area of our Bank’s lending processes and to contribute to their inclusion processes.
Completing the impact analysis studies of the Bank’s portfolio in line with the UNEP FI Principles for Responsible Banking by 2024 and contributing to the studies towards sustainable development and global climate goals in line with the targets.	The Bank is still continuing its activities.		Maintaining the current target
Within the scope of the NZBA commitment, decarbonizing the loan portfolio	The Bank is still continuing its activities.		Managing the impacts arising from the Bank’s loan portfolio and setting reduction targets

Management Structure

Consisting of 11 members, one of whom is a woman, İşbank’s Board of Directors is the highest management body responsible for steering the Bank’s strategy.

Having 3 independent⁵² members, the Board of Directors is composed of non-executive members, except for the CEO. The CEO and Chairperson of the Board of Directors roles at the Bank are assumed by different persons. The Board of Directors has several governance committees in place to support the activities of the Board in various areas. Responsible for implementing the strategies established by the Board of Directors and led by the CEO, the Executive Committee has 14 members other than CEO, including 3 women.

Members of İşbank’s Board of Directors are responsible to the Bank and its shareholders while fulfilling their duties. By accepting membership to the Board of Directors, the members accept and declare that they are responsible to the Bank and its shareholders. The members are obliged to fulfill their duties within the framework of the authorities and responsibilities set forth in the legislation and the Articles of Incorporation and to comply with the principles and procedures set forth in the Bank’s “Directive on the Operation Procedures and Principles of the Board of Directors”.

The Board of Directors of İşbank consists of 7-11 members, one of whom is the CEO, as set forth in the Articles of Incorporation. Members other than the CEO are elected by the Bank’s General Assembly for a maximum term of three years. Members whose term of office expires may be re-elected. The number and qualifications of the independent Board members are

determined in accordance with the regulations of the Capital Markets Law on corporate governance. There is no practice of subjecting a certain proportion of the Board members to rotation at the General Assembly.

Candidates who have the qualifications specified in the legislation are elected by the Board of Directors for the vacancies due to death, resignation, or other unforeseen reasons, and these members are submitted for approval at the first General Assembly meeting to be held. The members elected in this manner serve until the first meeting of the General Assembly, and if their election is approved by the General Assembly, they continue to serve for the remaining term of the member they are elected to replace.

In the event that there is a conflict of interest regarding one of the items on the agenda of the İşbank Board of Directors, the Chairperson, Vice Chairperson and Members may not preside over the meeting and may not participate in the discussion of the agenda items in which there is a conflict of interest.

İşbank’s General Assembly has a structure that allows shareholders to present their opinions and suggestions. Shareholders or other interested parties who wish to speak on the agenda item under discussion notify the chairperson of the meeting. The chairperson announces the persons who will take the floor to the general assembly and gives the floor to these persons according to the order of application. Pursuant to Article 1527 of the Law, the procedures and principles set forth in the said article and sub-regulations are applied with respect to the submission of opinions and suggestions of the shareholders or their representatives participating in the general assembly meeting electronically.

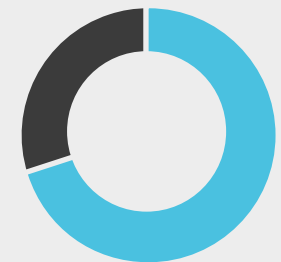
⁵² As per the II-17.1 Corporate Governance Communiqué published on 03.01.2014, the members of the board of directors who are assigned as members of the audit committee, as part of the organization of the board of directors of banks, are considered as independent members of the board of directors.

Board Member Matrix*

Age and Average Tenure

Policy: To become a Board Member the person has to have the capacity to exercise civil rights and possess the qualifications stipulated in the relevant legislation. There is no maximum age specified. The Board Member is elected at least every three years by the General Assembly and the members can be re-elected. If a vacancy in membership during the interim period occurs due to any reasons, the Board of Directors elects a member to complete the remaining term of its predecessor office and submits to the approval of the first General Assembly to be held.

Distribution of Experience of Non-Executive Board Members



0-5 years 7 | 5-10 years 3 | >10 years -

Average age of non-executive members: **65.2**

Average tenure of non-executive members: **3.7 years**

Distribution of Experience of Executive Board Members



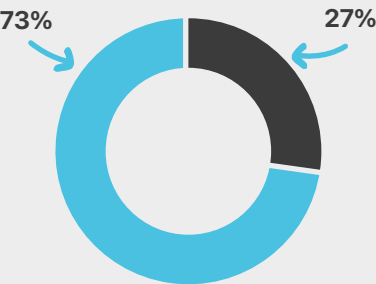
0-5 years 1 | 5-10 years 3 | >10 years -

Average age of executive members: **55**

Average tenure of executive members: **2 years**

Independence

Policy: As per the 1-17.1 Corporate Governance Communiqué published on 03.01.2014, the members of the Board of Directors who are assigned as members of the Audit Committee, as part of the organization of the Board of Directors of banks, are considered as independent members of the Board of Directors. Ahmet Gökhan Sungur is Independent Member of the Board of Directors, Yusuf Ziya Toprak and Ersin Önder Çiftçioğlu are Independent Members of the Board of Directors since they are also members of the Audit Committee.

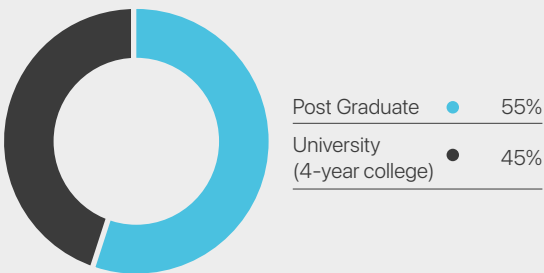


Non-Independent 8

Independent 3

Educational Background and Gender Diversity

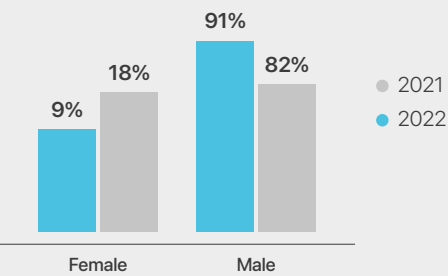
Educational Background



Post Graduate 55%

University (4-year college) 45%

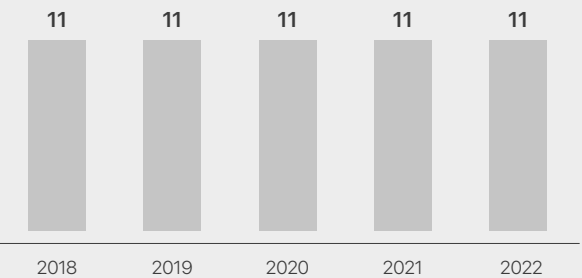
Gender Diversity



Number of Board Members and their Term of Office

Policy: Our Board of Directors consists of 11 members, including the CEO, who is the natural member of the board. Except for the CEO, 10 Board Members are elected at least every three years by the General Assembly and the members can be re-elected. To become a Board Member the person has to have the capacity to exercise civil rights and possess the qualifications stipulated in the relevant legislation.

Number of Board Members



Change in the Board of Directors within the last 5 years

9 members were appointed, term of office of 2 members is about to expire, new members have been elected.

Skills	Adnan Bali	Yusuf Ziya Toprak	Hakan Aran	Feray Demir	Ersin Önder Çiftçioğlu	Fazlı Bulut	Durmuş Öztekin	Recep Hakan Özyıldız	Mustafa Rıdvan Selçuk	Ahmet Gökhan Sungur	Sadrettin Yurtsever
Independent		✓			✓					✓	
Auditing and / or Corporate Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Banking / Investment / Insurance / Pension / Stock Exchange / FOREX	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Technological Skill / Digitalization and Information Technologies (Cybersecurity)			✓							✓	
Acquisition and M&A and / or Capital Markets		✓						✓			
Public Policies						✓	✓	✓	✓		
Environmental / Social	✓		✓	✓	✓						
Entrepreneurship / Innovation	✓		✓								
Communication / Marketing / Customer Services	✓		✓	✓	✓						✓
International	✓		✓								

*Prepared based on Glass Lewis Board Skills Matrix.

Board Member	Number of Board Meetings Not Attended
Adnan Bali	0
Yusuf Ziya Toprak	1
Hakan Aran	0
Feray Demir	0
Ersin Önder Çiftçioğlu	0
Fazlı Bulut	0
Durmuş Öztekin	0
Recep Hakan Özyıldız	0
Mustafa Rıdvan Selçuk	0
Ahmet Gökhan Sungur	0
Sadrettin Yurtsever	0

Board of Directors



Adnan Bali
Chairperson

Mr. Adnan Bali was born in İslahiye in 1962 and graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Economics. He joined İşbank as Assistant Inspector on the Board of Inspectors in 1986. He became Assistant Manager in the Treasury Division in 1994 and served as a Unit Manager in the same division in 1997. He was appointed as Head of the Treasury Division in 1998. Mr. Bali served as the Manager of the Şişli Branch in 2002 and Manager of the Galata Branch in 2004; he was appointed Deputy Chief Executive on 30 May 2006 and Chief Executive Officer of İşbank on 01 April 2011.

Apart from his role in the Bank, Mr. Bali is also the Chairperson of Türkiye Sınai Kalkınma Bankası A.Ş. and Softtech Ventures Teknoloji A.Ş., and the Chairperson of the İşbank Members' Supplementary Pension Fund.

Elected to İşbank's Board of Directors on 31 March 2021 and Chairperson of the Board of Directors on 01 April 2021, Mr. Bali has also been serving as the Chairperson of the Remuneration Committee, Risk Committee, Sustainability Committee and Board of Directors Operating Principles Committee and as a member of the Credit Committee.



Yusuf Ziya Toprak
Vice Chairperson

Mr. Yusuf Ziya Toprak was born in Trabzon in 1943 and graduated from Istanbul Economics and Commercial Sciences Academy, Department of Finance. Mr. Toprak started to work as an Assistant Inspector on the Board of Inspectors at İşbank in 1967. In the following years, he served as Assistant Manager and Group Manager in the Automation and Organization Divisions, as Manager in the Securities Division, and General Manager at Yatırım Finansman Securities. He was appointed as Deputy Chief Executive at İşbank in 1999.

Mr. Toprak, who retired in 2004, continued serving as the Vice Chairperson and a Member of the Board of Directors at Şişecam until 2010.

Mr. Yusuf Ziya Toprak, who was elected as a member of İşbank's Board of Directors on 31 March 2020 and as the Vice Chairperson of the Board on 1 April 2020, also serves as the Chairperson of the Audit Committee, T.R.N.C. Internal Systems Committee and Operational Risk Committee, a member of the Risk Committee, and an alternate member of the Credit Committee.



Hakan Aran
Member of the Board and Chief Executive Officer

Born in Antakya in 1968, Hakan Aran graduated from the Faculty of Engineering, Computer Engineering Department of Middle East Technical University. He completed his master's degree in Business Administration at Başkent University and is currently continuing his PhD in Banking at Istanbul Commerce University.

Beginning his career at İşbank as a Software Specialist in 1990, Mr. Aran was appointed as the Head of the Software Development Division in 2005. He was promoted to the position of Deputy Chief Executive responsible for operations, digital banking and technology in 2008 and took part in important transformation programs of the Bank.

Appointed as İşbank's 17th Chief Executive Officer on 1 April 2021, Mr. Aran also serves as the Chairperson of the Credit Committee, Human Resources Committee, Information Technology Strategy Committee and Information Security Committee and as a member of the Risk Committee and Operational Risk Committee.

In addition to his duties at the Bank, Mr. Aran serves as the Chairperson of Trakya Yatırım Holding A.Ş. and İşbank AG.



Feray Demir
Board Member

Born in Ağrı in 1968. Ms. Feray Demir graduated from Anadolu University, Faculty of Economics and Administrative Sciences, Department of Business Administration and Istanbul University, Faculty of Open and Distance Education, Department of Sociology. She started her professional career as an Officer at the Sefaköy/Istanbul Branch in 1988. She was appointed as Assistant Section Head in 1990, Section Head in 1995, Sub-Manager in 1996 and as Assistant Manager in 1999 at the same branch. She then served in the same position in the Commercial Loans Division and Corporate Marketing Division at the Head Office. She was appointed as Branch Manager to the Çarşı-Güneşli/Istanbul Branch in 2005, and then served as Head of Commercial Banking Sales Division from 2007 to 2011. She served as Branch Manager of the Istanbul Corporate Branch from 2011 to 2016.

In addition to her duties at the Bank, Ms. Demir also serves as a member of the Board of İşbank Members' Supplementary Pension Fund.

Ms. Demir, who was elected to İşbank's Board of Directors on 25 March 2016, 31 March 2017 and 31 March 2020, also serves as a member of the Corporate Social Responsibility Committee, Credit Committee, Remuneration Committee, Sustainability Committee, Corporate Governance Committee and Board of Directors Operating Principles Committee.



Ersin Önder Çiftçioğlu
Board Member

Mr. Ersin Önder Çiftçioğlu was born in Ankara in 1960 and graduated from Hacettepe University, Faculty of Social and Administrative Sciences, Department of English Linguistics. Mr. Çiftçioğlu began his career at İşbank as an Officer in the Yenışehir/Ankara Branch in 1985, and was appointed as Assistant Section Head, Section Head, Sub-Manager and Assistant Manager in the same branch. In 2007, he was appointed as Assistant Manager at the Başkent/Ankara Corporate Branch and Regional Manager of the SME Loans Underwriting Division of the Adana Region in the same year and subsequently served as Ankara Center I. Region Manager in 2008. He was appointed as the Ege/Izmir Corporate Branch Manager in 2011 and Başkent/Ankara Corporate Branch in 2016.

Mr. Çiftçioğlu, who was elected to İşbank's Board of Directors on 31 March 2017 and 31 March 2020, also serves as the chairperson of the Corporate Governance Committee and a member of the Audit Committee, TRNC Internal Systems Committee, Sustainability Committee, Operational Risk Committee and Risk Committee.



Fazlı Bulut
Board Member

Mr. Fazlı Bulut was born in Pertek in 1964 and graduated from Ankara University, Faculty of Political Science, Department of Economics. He completed his master's degree in Economic Development at New Hampshire College in the USA.

Mr. Bulut served as Account Expert and Senior Account Expert at the Ministry of Finance on the Board of Account Experts from 1985 to 1997. He taught General Accounting at the College of Tourism and College of Computer Technology at Bilkent University from 1996 to 1998. Mr. Bulut served as Vice General Manager and Member of the Board of the Social Insurance Institution from 1997 to 1999. He served as Vice General Manager, General Manager and Member of the Board of Directors in Tepe Home Mobilya ve Dekorasyon Ürünleri San. Tic. A.Ş., a subsidiary of Bilkent Holding, from 1999 to 2011. He subsequently served as a consultant for Bilkent Holding on tax and retailing from 2011 to 2012, as the General Manager of B. Braun Kalyon Medikal ve Dış Ticaret A.Ş. from 2013 to 2015, and as the Coordinator of Financial Affairs in Terra İnşaat Grubu from 2016 to 2017.

Mr. Bulut has also published books on various subjects. Mr. Bulut, who was elected to the İşbank Board of Directors on 29 March 2019 and 31 March 2020, also serves as a member of the Corporate Social Responsibility Committee and an alternate member of the Credit Committee.



Durmuş Öztekin
Board Member

Mr. Durmuş Öztekin was born in Sivas, Şarkışla in 1953 and graduated from Ankara University Faculty of Political Sciences, Department of Economics and Finance. He completed his master's degree in Economics at Vanderbilt University in the USA.

Mr. Öztekin served as a Finance Auditor between 1975-1986 in the Ministry of Finance. In the following years, he served as Division Head, Deputy General Manager and General Manager in the General Directorate of Budget and Financial Control; Chief Auditor and Member of the Financial Advisory Committee in the Ministry of Finance; Auditor in Turk Telekom, Member of the General Committee in the Council of Higher Education, and Financial Counselor in the Turkish Embassy in Brussels. He served as a Ministry Counselor in the Ministry of Finance between 2006-2011.

Mr. Öztekin, who was elected to the İşbank Board of Directors on 31 March 2020, serves as a member of the Corporate Social Responsibility Committee and the Board of Directors Operating Principles Committee.



Recep Hakan Özyıldız
Board Member

Mr. Recep Hakan Özyıldız was born in Bursa in 1956 and graduated from Ankara University Faculty of Political Sciences, Department of Economics and Finance. He completed his master's degree in Economics at Northeastern University in the USA.

Mr. Özyıldız started to work at the Ministry of Treasury and Finance as an Assistant Treasury Specialist in 1978. In the following years, he served as Branch Manager at the Undersecretary of Treasury and Foreign Trade and the General Directorate of Banking and Foreign Exchange; Division Head, Deputy General Manager and General Manager at the General Directorate of Public Finance under the Ministry of Treasury and Finance; Auditor at İşbank, General Manager of the State Economic Enterprises in the Treasury, Senior Advisor of Economics in the Turkish Embassy in London, and Assistant Undersecretary in the Ministry of Treasury and Finance.

Mr. Özyıldız, who is also a columnist and commentator, continues to serve as a part-time academic tutor in Ankara University, Faculty of Political Sciences.

Mr. Özyıldız was elected to the İşbank Board of Directors on 31 March 2020.



Mustafa Rıdvan Selçuk
Board Member

Mr. Mustafa Rıdvan Selçuk was born in Malatya in 1955, and graduated from Ankara University, Faculty of Political Sciences, Department of Economics and Finance. He received his master's degree in Economics from Vanderbilt University in the USA.

Mr. Selçuk started his career in the Ministry of Finance in 1978 as an Assistant Account Expert. In the following years, he served as Account Expert, Senior Account Expert, Division Head in the General Directorate of Revenues, General Manager and Chairperson of Bağkur in the Ministry of Labor and Social Security, Labor and Social Security Advisor in the Turkish Embassy in Copenhagen and as Ministry Advisor in the Ministry of Finance.

Mr. Selçuk, who has also served as a Certified Public Accountant since 2003, is an Independent Auditor at BDD Bağımsız Denetim ve Danışmanlık A.Ş., and a partner at Girişim YMM Limited Şti.

Mr. Selçuk was elected to the İşbank Board of Directors on 31 March 2020.



Ahmet Gökhan Sungur
Board Member

Mr. Ahmet Gökhan Sungur was born in Yozgat in 1953. He graduated from Middle East Technical University, Department of Chemical Engineering and received his master's degree from the same department. Mr. Sungur, who started his career in 1975 at the General Institute of Mineral Research and Exploration, Department of Technology, as Chief Specialist Chemical Engineer, worked in Hisarbank and Güntekin İnşaat A.Ş. as a System Analyst between 1981-1982. Later, between 1982-1999, he served as Manager of Software Development at İşbank and Chief Executive Officer at İş Net A.Ş. between 1999-2003.

Mr. Sungur was elected as an Independent Member of the İşbank Board of Directors on 31 March 2020.



Sadrettin Yurtsever
Board Member

Mr. Sadrettin Yurtsever was born in Bingöl in 1964 and graduated from Gazi University, Faculty of Education, Department of English Language Education. Mr. Yurtsever, who started his career at İşbank as a candidate officer in the İzmir Branch in 1993, served in the same branch as Section Head and Sub-Manager. He served as Assistant Manager in the SME Loans Underwriting Division of the Denizli Region in 2006, İzmir Central II. Region Sales Division Assistant Regional Manager in 2007, Regional Manager in the same division in 2011, Branch Manager of the Bornova/İzmir Commercial Branch in 2013 and the Mediterranean/Antalya Corporate Branch in 2018.

Mr. Yurtsever, who was elected to the İşbank Board of Directors on 31 March 2020, also serves as a member of the Corporate Governance Committee and the Corporate Social Responsibility Committee.

Executive Board

1 Born in Antakya in 1968, Hakan Aran graduated from the Faculty of Engineering, Computer Engineering Department of Middle East Technical University. He completed his master's degree in Business Administration at Başkent University and is currently continuing his PhD in Banking at Istanbul Commerce University. Beginning his career at İşbank as a Software Specialist in 1990, Mr. Aran was appointed as the Head of the Software Development Division in 2005. He was promoted to the position of Deputy Chief Executive responsible for operations, digital banking and technology in 2008 and took part in important transformation programs of the Bank. Appointed as İşbank's 17th Chief Executive Officer on 1 April 2021, Mr. Aran also serves as the Chairperson of the Credit Committee, Human Resources Committee and Information Technology Strategy Committee and as a member of the Risk Committee and Operational Risk Committee.

3 Born in Ankara in 1971, Ms. Ebru Özşuca graduated from the Economics Department of Middle East Technical University, Faculty of Economics and Administrative Sciences. She also holds a master's degree from the Economics Department of the Graduate School of Social Sciences at Middle East Technical University and completed her master's in International Banking and Finance from the University of Southampton in the UK in 1998. She attended the Advanced Management Program at Harvard Business School in 2015. She joined İşbank as an Assistant Specialist at the Treasury Division in 1993. Ms. Özşuca served in different units of İşbank and was appointed as Deputy Chief Executive on 28 November 2017.

5 Born in Ankara in 1967, Mr. Cahit Çınar graduated from the International Relations Department of Ankara University, Faculty of Political Science. He attended Munich Ludwig-Maximilians University between 1989-1990. He began his career at İşbank as an Assistant Specialist in the Economic Research Division in 1991 and joined the Board of Inspectors as an Assistant Inspector in 1992. He served in different units of İşbank and the Güneşli Corporate Branch and served as Chief Executive Officer at İşbank AG, a subsidiary of İşbank located in Germany. Mr. Çınar was appointed as Deputy Chief Executive of İşbank on 5 October 2018.

7 Born in Kırcaali in 1975, Mr. Sezgin Yılmaz graduated from Uludağ University, Faculty of Economic and Administrative Sciences, Department of Economics. Mr. Yılmaz started his career as an Officer at Bursa Branch in 1997. After serving in various positions in the Bank, Mr. Yılmaz was appointed as Regional Manager of SME Loans Underwriting Division in Kayseri in 2012 and Regional Manager of SME Loans Underwriting Division in Izmir Central I. Region in 2015. He then served as Regional Sales Manager of SME and Enterprise Banking Sales Division in Izmir Central II. Region in 2016. Support Services and Procurement Division Head in 2017, and Procurement Division Head in the respective order in 2018. Mr. Yılmaz, who was elected to İşbank Board of Directors on 29 March 2019 Mr. Yılmaz was appointed as Deputy Chief Executive of İşbank on 29 July 2020.

2 N. Burak Seyrek was born in 1970 in Ankara. In 1990, Mr. Seyrek graduated from Ankara University, Faculty of Political Sciences, Department of International Relations and started working as an Assistant Specialist in the Training Division of Türkiye İş Bankası A.Ş. in the same year. In 1993, Mr. Seyrek became an Assistant Specialist at the 1st Loans Division, and was appointed as Loan Specialist at İşbank GmbH Frankfurt, a subsidiary of İşbank, in 1994, as Assistant Manager in 1996, and as Assistant Manager at Başkent Branch in 2001. In 2004, Mr. Seyrek was appointed as Ostim Branch Manager, in 2007 as Ankara Center 2nd Regional Manager, in 2010 as Commercial Banking Product Manager, in 2011 as Commercial Banking Sales Manager, and in 2013 as SME and Enterprise Banking Sales Manager.

On 1 October 2013, Nevzat Burak Seyrek was appointed Chief Executive Officer of İşbank AG and on 25 March 2016, he was promoted to Deputy Chief Executive of Türkiye İş Bankası A.Ş. Nevzat Burak Seyrek holds the title of Cambist and speaks German.

4 Born in Ankara in 1971, Ms. Gamze Yalçın graduated from the Economics Department of Middle East Technical University, Faculty of Economics and Administrative Sciences. She also holds a master's degree in International Banking and Finance from the University of Birmingham in the UK. She attended the Advanced Management Program at Harvard Business School in 2017. She joined the Organization Division at İşbank as an Assistant Specialist in 1993 and served in different units of İşbank. Ms. Yalçın was appointed as Deputy Chief Executive on 28 November 2017. Ms. Yalçın also serves as İşbank's Sustainability Leader.

6 Born in Adana in 1974, Mr. Ozan Gürsoy graduated from Middle East Technical University, Faculty of Economic and Administrative Sciences, Department of Public Administration and completed his master's degree in International Banking and Finance at the University of Birmingham in 2003. In 1996, Mr. Gürsoy joined İşbank's Board of Inspectors as a Trainee Assistant Inspector, became Assistant Manager in the Corporate Loans Underwriting Division in 2006, and then served as Unit Manager at the same division.

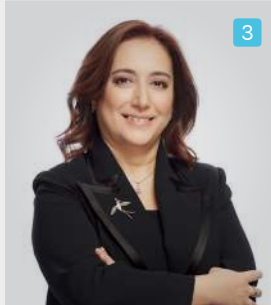
Mr. Gürsoy became Commercial Banking Product Division Manager in 2011, Gebze Corporate Branch Manager in 2015, and was promoted to Deputy Chief Executive in May 2020. Mr. Gürsoy holds the title of Cambist and Financial Analyst and speaks English.



Hakan Aran
Chief Executive Officer



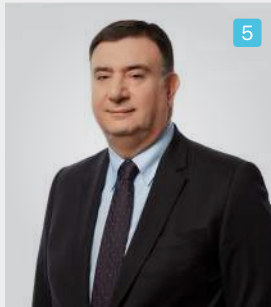
N. Burak Seyrek
Deputy Chief Executive



Ebru Özşuca
Deputy Chief Executive



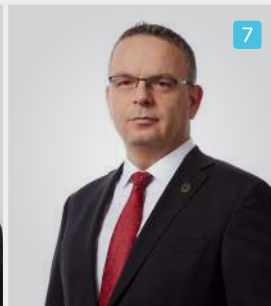
Gamze Yalçın
Deputy Chief Executive



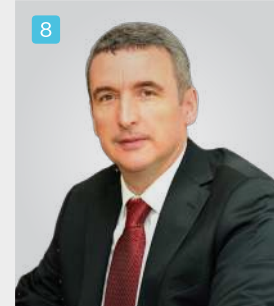
H. Cahit Çınar
Deputy Chief Executive



Ozan Gürsoy
Deputy Chief Executive



Sezgin Yılmaz
Deputy Chief Executive



Sabri Gökmenler
Deputy Chief Executive



Sezgin Lüle
Deputy Chief Executive



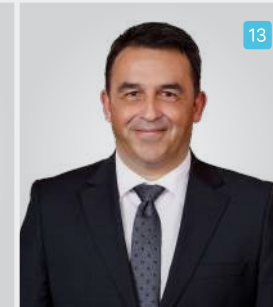
Can Yücel
Deputy Chief Executive



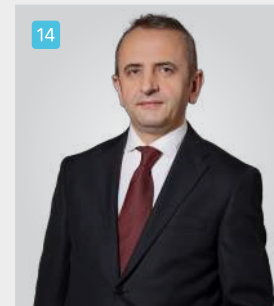
Sezai Sevgin
Deputy Chief Executive



İzlem Erdem
Deputy Chief Executive



Suat E. Sözen
Deputy Chief Executive



Tufan Kurbanoğlu
Deputy Chief Executive



Mehmet Celayir
Deputy Chief Executive

8 Born in Ankara in 1968, Mr. Sabri Gökmenler graduated from the Computer Engineering Department of Middle East Technical University in 1991 and completed his master's degree in the same department in 1995. Mr. Gökmenler, who began his career at İşbank in 1991 as a Software Specialist, served in Softtech, a subsidiary of İşbank, from 2004 onwards. He became the Head of the IT Architecture & Security Management Division of İşbank in 2008 and Head of the Information Technologies Division in 2012. Mr. Gökmenler attended the Advanced Management Program (AMP) at Harvard Business School in 2018 and was appointed as Deputy Chief Executive on 28 January 2021.

Mr. Gökmenler is currently the Chairperson of the Board of Directors of Softtech, İş-Net, and GullsEye, and a Board Member of İşbank AG and MaxiDigital in Germany. He is also an Advisory Board Member at KUIS Artificial Intelligence Center established in cooperation with Koç University and İşbank, and an Executive Board Member at Blockchain Türkiye Platform.

10 Born in 1978 in Ankara, Mr. Can Yücel graduated from Middle East Technical University, Faculty of Economic and Administrative Sciences, Department of Economics in 1999. Mr. Yücel started his professional career as a Trainee Assistant Inspector at the Board of Inspectors of İşbank in the same year. He served as Assistant Manager at SME Loans Underwriting Division in 2008 and Assistant Manager at Corporate Loans Underwriting Division in 2009; appointed as Unit Manager in the same division in 2011.

In 2016, Mr. Yücel was appointed as Head of the Corporate Loans Underwriting Division and as the Başkent Corporate/Ankara Branch Manager in 2020. Having completed the Harvard Business School - Advanced Management Program, Mr. Yücel was promoted to Deputy Chief Executive on 26 August 2021.

12 Ms. İzlem Erdem graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Economics (English) in 1990. She attended the Advanced Management Program at Harvard Business School in 2016. In 1990, Ms. Erdem started working as an Assistant Economics Specialist in the Economic Research Division of Türkiye İş Bankası A.Ş. and became Assistant Manager in 1998. In 2000, Ms. Erdem was assigned to the Capital Markets Division, and in 2004 she assumed the position of Unit Manager in the same division. In April 2008, she was appointed as Division Manager in the Economic Research Division of İşbank and was promoted to Chief Economist in 2018. Ms. Erdem was appointed as Deputy Chief Executive in March 2022. In addition to her duties at İşbank, Ms. Erdem serves as the Chairperson of the Board of Directors at İş Yatırım Ortaklığı A.Ş. and İmeceMobil Tarım Platformu Elektronik Hizmetler Ticaret A.Ş. and as a Board Member at Birleşik İpotek Finansmanı A.Ş. Ms. İzlem Erdem has been a member of the Board of Directors at Şişecam since 25 March 2015.

15 Born in Bingöl in 1970, Mr. Mehmet Celayir graduated from Istanbul University, Faculty of Economics, Department of International Relations. Mr. Celayir joined İşbank in 1996 as a clerk in the Elazığ Branch and after serving in various branches and divisions of İşbank, he was appointed Deputy Chief Executive on 14 December 2022 while serving as the Gaziantep Corporate Branch Manager, a position he has held since 2020.

9 Mr. Sezgin Lüle has been serving as Deputy Chief Executive responsible for Digital Banking, Payment Systems, and Customer Experience at İşbank since January 2021. Mr. Lüle started his career at İşbank as an Organization Method Specialist and held various positions in the Inspection Board, Accounting, Change Management, and Corporate Architecture Divisions, respectively. He has experience in project portfolio management, Business Architecture, Process Automation, and Organizational Transformation.

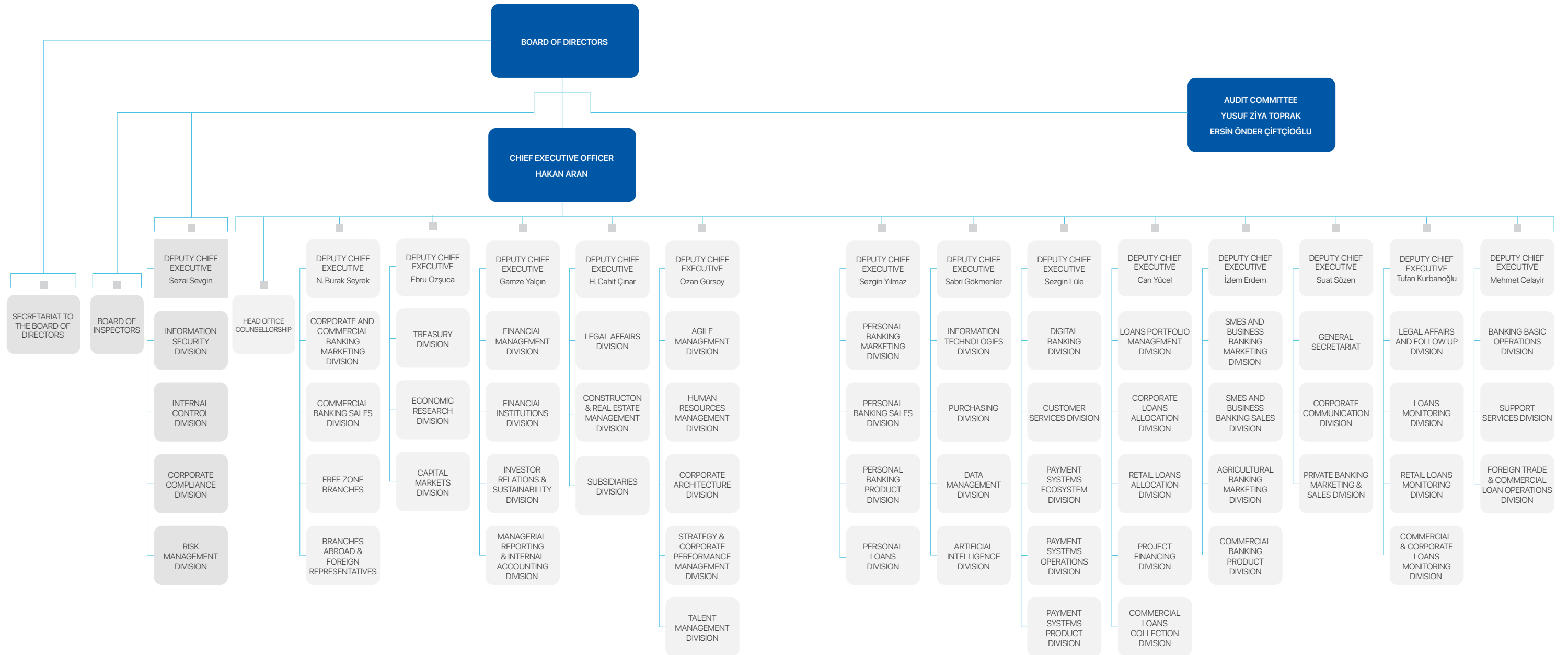
Born in 1976 in Trabzon, Mr. Lüle graduated from Boğaziçi University, Department of Industrial Engineering. In 2004, he graduated from the University of Birmingham MBA IBF program and completed the HBS AMP program in 2019.

11 Born in Istanbul in 1968, Mr. Sezai Sevgin graduated from Marmara University, Faculty of Economic and Administrative Sciences. On 31 July 1990, he began his career at İşbank as an Assistant Inspector on the Board of Inspectors. He became the Branch Manager at İşbank AG Succursale de Paris on 28 May 1998. He was appointed as the Group Manager of the Corporate Banking Marketing Division on 2 July 2004, and Head of the SME and Commercial Banking Marketing Division on 28 March 2007. He became the Branch Manager of the Gebze Corporate Branch on 13 April 2011 and Maslak Corporate/Istanbul Branch on 28 February 2013. He was appointed as the General Manager of Bayek Healthcare Group, a İşbank subsidiary, on 29 December 2015. Mr. Sevgin was appointed as Deputy Chief Executive of İşbank on 28 December 2021.

13 Born in 1970, Mr. Suat E. Sözen graduated from Gazi University, Department of Economics in 1991. In the same year, he started working as an Assistant Specialist at İşbank. After working in various Head Office Divisions and Branches, he became Corporate Communications Manager in 2008. In 2017, Mr. Sözen became Corporate Communications Coordinator and Secretary General and was appointed Deputy Chief Executive on 25 March 2022.

14 Born in Kars in 1971, Mr. Tufan Kurbanoğlu graduated from the Public Administration Department of Middle East Technical University, Faculty of Economic and Administrative Sciences. In 1993, Mr. Kurbanoğlu joined İşbank's Board of Inspectors as an inspector and was promoted to Assistant Manager in the Commercial and Corporate Loans Monitoring and Follow-up Division in 2002. Unit Manager in the same Division in 2006, and Regional Manager in the Retail Loans Monitoring and Follow-up Division in 2011. In 2014, Mr. Kurbanoğlu was appointed as Division Manager of the Commercial and Corporate Loans Monitoring and Follow-up Division and has been serving as the Deputy Chief Executive since 25 March 2022.

Organization Chart*



Information on Board of Directors Meetings in 2022

At İşbank, the Board meetings are held at least once a month, yet interim meetings might be held in case of need. Meeting agendas are prepared in accordance with the proposals of Head Office divisions. Moreover, various reports requested by the Board of Directors from the Bank management and off the agenda topics put forward by the Board members are discussed during the meetings.

By the end of 2022, **16** Board meetings were held and **15** of them were held by full participation. **983** pages of minutes were recorded for the said meetings, which lasted **62** hours in total. A total of **235** files were reviewed, which consist of **167** files for loan underwriting and **68** files on other issues regarding loans; based on the work carried out by convening meetings or by individual review and signing of the file by each Board Member, which resulted in **168** loan decisions. A total of **567** files were reviewed on non-credit matters and **567** resolutions were taken. Consequently, **963** Board resolutions were taken in 2022, including **228** that were passed during the meetings.

İşbank Committees

Assessments on İşbank Committees

The Board of Directors has several governance committees in place to support the activities of the Board in various areas of expertise. İşbank committees presented their decisions and reports to the Board of Directors in 2022 when necessary within the framework of their activities, and the necessary decisions have been taken as a result of the assessment of the Board of Directors.

Audit Committee

Pursuant to its working principles, the Audit Committee is responsible for holding meetings at least twice a year, provided that six-month periods are not exceeded; it is obligated to inform the Board of Directors about the results of the activities carried out and measures to be taken based on these results and about necessary practices to be implemented. Moreover, the Audit Committee is obligated to provide its recommendations regarding other issues that are deemed significant for the Bank in order to carry out its activities safely. The Audit Committee works in collaboration with the Remuneration Committee and the Risk Committee.

The Audit Committee is in charge of;

- Ensuring that the internal systems of the Bank function efficiently and sufficiently, that these systems and the accounting and reporting systems operate within the framework of the related regulations and the Bank's policies, and that the information produced has integrity,
- Making preliminary assessments necessary for the selection of independent audit firms, rating, valuation, and support service institutions, regularly monitoring the activities of these institutions selected by the Board of Directors, evaluating them periodically within the context of the provisions of the legislation, and providing information to the Board of Directors,
- Reviewing the assessments of the independent audit firms, evaluating independent audit results, and consulting with independent auditors,
- Informing the Board of Directors about findings of the independent auditors and internal systems divisions, and about measures taken by the top management and by the units reporting to the top management,
- Ensuring that the internal audit functions of subsidiaries that are subject to consolidation are coordinated in line with the related regulations,
- Receiving information and reports about internal systems and functioning of divisions within the scope of internal systems, their operations including consolidated risks, and about related policies and regulations,
- Overseeing whether the reports accurately and completely reflect the financial position of the Bank,
- Making assessments in order to ensure whether or not required procedures and principles have been implemented for detecting, measuring, monitoring, and controlling potential and existing risks incurred by the Bank and ensuring that risk framework and risk culture, in line with the Bank's structure and operations, are established within the Bank,
- Ensuring that the internal capital adequacy evaluation process (ICAAP) includes all risks in a consolidated manner and audit and control processes are established to provide required assurance on its adequacy and accuracy,
- Evaluating professional education levels and competency of managers and personnel assuming duties in divisions within the scope of internal systems, making suggestions to the Board of Directors for the selection of managers, and presenting opinions to the Board of Directors during their dismissal,
- Establishing communication channels to make sure that information will be provided directly to the Audit Committee, the internal audit unit, or the Bank inspectors in case of Bank fraud,

- If required, requesting information, documents or reports from all Bank units, support service contractors, and independent auditors and, subject to Board approval, receiving consultancy from specialists in their respective fields,
- Informing or reporting to the Board about the results of its own operations, the measures needed to be taken in order for the Bank's operations to be within the framework of the related legislation and Bank policies in a continuous and secure way and its evaluations, opinions, and recommendations on any other issues that are deemed to be important,
- Fulfilling other responsibilities determined by the related legislation and the duties given by the Board within this framework.

Committee Members:

- Deputy Chairperson of the Board of Directors and Chairperson of the Audit Committee: Yusuf Ziya Toprak
- Board Member: Ersin Önder Çiftçioğlu

As of 2022, the Audit Committee held **60** meetings with full participation and adopted **100** resolutions.

TRNC Internal Systems Committee

TRNC Internal Systems Committee has been established within the framework of TRNC Banking Law and related regulations. The Committee holds meetings at least twice a year, provided that a six-month period is not exceeded, and informs the Board of Directors on the results of its own activities, its opinions on the measures needed to be taken, and the necessary practices to be implemented by the branches that operate under the TRNC office, and other important issues in order for these branches to operate in a secure way.

The TRNC Internal Systems Committee is responsible for ensuring the efficiency and sufficiency of the internal systems provided by the Bank in relation to the operation of the branches that operate under the TRNC office, ensuring the operation of the internal systems, accounting, and reporting systems in line with the law and related regulations and ensuring the integrity of the produced information, carrying out the preliminary assessment of independent audit firms and other companies providing services directly related to other banking operations to be selected by the Board, and monitoring regularly and coordinating these companies that are selected and contracted by the Board.

Committee Members:

- Deputy Chairperson of the Committee and Board of Directors: Yusuf Ziya Toprak
- Board Member: Ersin Önder Çiftçioğlu

As of 2022, the TRNC Internal Systems Committee held 12 meetings with the full participation of its members and adopted 14 resolutions.

Credit Committee

The Credit Committee makes resolutions on loan allocation within its authorization limit, makes decisions on demands to change the loan allocation conditions within its authorization limit and carries out other assignments regarding loans given by the Board.

The Credit Committee consists of three members: the Chief Executive Officer or Deputy Chief Executive, who is also the chairperson of the Committee, and two members from the Board of Directors. There will also be two alternate members of the Committee who will stand in should the need arise.

As the loan proposal files are presented, the Committee decides on the loan allocation with consensus after each Committee Member examines and signs the files. Unanimous Credit Committee resolutions are implemented immediately, while majority resolutions are implemented after approval by the Board of Directors.

Committee Members:

- Regular member and Chairman of the Committee Chief Executive Officer: Hakan Aran
- Chairperson of the Board of Directors: Adnan Bali
- Board Member: Feray Demir

Alternate members

- Vice Chairperson of the Board of Directors: Yusuf Ziya Toprak
- Board Member: Fazlı Bulut

By the end of 2022, 58 files under the authority of the Credit Committee were evaluated, and 45 resolutions were adopted with the full participation of the members.

Credit Revision Committee

In accordance with the Bank's Credit Risk Policy, the Credit RevisionCommittee is formed at the end of each year to evaluate the Bank's relationships with its credit customers by reviewing the commercial loan portfolio and determining the limits to be considered for the following year with respect to the aforementioned persons and institutions.

Committee Members:

- Chairperson of the Board of Directors: Adnan Bali
- Vice Chairperson of the Board of Directors: Yusuf Ziya Toprak,
- Board Member: Feray Demir,
- Board Member: Ersin Önder Çiftçioğlu
- Board Member: Sadrettin Yurtsever

The Credit Revision Committee completed its review of certain companies and groups under the authority of the Board of Directors and the Credit Committee on 21.03.2022.

Corporate Governance Committee

The Corporate Governance Committee was established to monitor the Bank's compliance with the corporate governance principles, make improvements in corporate governance practices and suggestions to the Board, and fulfill the tasks of the Corporate Governance Committee and Nomination Committee as set out in the applicable legislation. The Committee consists of a chairperson and three members.

Committee Members:

- Committee Chairperson and Board Member: Ersin Önder Çiftçioğlu
- Board Member: Sadrettin Yurtsever
- Board Member: Feray Demir
- Head of the Investor Relations and Sustainability Division: Neşe Gülden Sözdinler

As of 2022, the Corporate Governance Committee held 4 meetings with the full participation of its members and took 4 decisions.

Sustainability Committee

The Sustainability Committee was established to develop the Bank's sustainability strategy and policies and submit them to the Board of Directors for approval, to set out the sustainability targets and action plans and ensure coordination within the Bank for their implementation, to ensure that sustainability issues are incorporated in the Bank's strategic business plans, to monitor the progress of the metrics and targets, and to perform other similar tasks. The Committee is the highest authority responsible for sustainability activities in the Bank.

In accordance with the Board's resolution dated 24.12.2020 with no. 44176, the Committee consists of one chairperson and fourteen members. The Committee Chairperson is Adnan Bali, and the Committee Members

are Feray Demir, Ersin Önder Çiftçioğlu, N. Burak Seyrek, Gamze Yalçın, H. Cahit Çınar, Ozan Gürsoy, Sezgin Yılmaz, Sabri Gökmenler, Can Yücel, Sezai Sevgin, İzlem Erdem, Suat E. Sözen, Hürdoğan İrmak and Neşe Gülden Sözdinler.

As of year-end 2022, the Sustainability Committee held 1 meeting with the full participation of its members and took 1 decision.

Remuneration Committee

The Remuneration Committee was established to perform functions and activities related to monitoring and controlling the remuneration policies of the Bank on behalf of the Board of Directors. The Committee has two members. The Remuneration Committee convenes at least twice a year, not to exceed six months between two meetings, and submits to the Board of Directors the results of its activities and its opinions regarding other issues deemed important.

Within the framework of compliance with Corporate Governance Principles, the Remuneration Committee is responsible for monitoring and checking policies related to remuneration management on behalf of the Board of Directors and ensuring that remuneration is in compliance with the Bank's ethical values, internal balances and strategic goals. The Committee is also responsible for evaluating remuneration policy and practices within the framework of risk management, reviewing the remuneration policy and submitting proposals as required to the Board of Directors, as well as fulfilling other responsibilities set out in applicable legislation and the tasks assigned to it by the Board of Directors within this framework.

Committee Members:

- Chairperson of the Committee and Board of Directors: Adnan Bali
- Board Member: Feray Demir

As of 2022, the Remuneration Committee held 8 meetings with the full participation of its members and took 12 decisions.

Board of Directors Operating Principles Committee

The Board of Directors Operating Principles Committee is responsible for submitting its findings, opinions and recommendations regarding the interpretation and implementation of applicable legal provisions, including especially the İşbank Board of Directors Operating Principles and Procedures and the Directions on İşbank Board of Directors Operating Principles.

Committee Members:

- Chairperson of the Committee and Board of Directors: Adnan Bali
- Board Member: Feray Demir
- Board Member: Durmuş Öztek

Risk Committee

Risk Committee is responsible for articulating the risk management strategies and policies İşbank will adhere to both on a consolidated and unconsolidated basis, presenting them to the İşbank Board of Directors for approval and monitoring compliance with them. Committee is the common communication platform for the Bank's executive divisions in terms of assessing the risk the Bank is exposed to, making suggestions about the actions to be taken and approaches to be followed. The Committee's principal duties are the following:

- Preparing the risk strategies and policies and presenting to the Board for approval.
- Monitoring the effective usage of the outcomes of the Internal Capital Adequacy Assessment Process in the planning and decision making processes of the Bank.
- Negotiating and adjudicating the issues addressed by Risk Management Division.
- Recommending the level of risk limits for exposures/possible exposures to the Board, monitoring the breaches of these limits and making recommendations regarding the elimination of those breaches to the Board.
- Recommending the amendments in the risk policies to the Board.
- Monitoring the risk management processes, i.e. risk identification, definition, measurement, assessment, control and reporting processes, carried out by Risk Management Division.
- Monitoring the accuracy and reliability of the risk measurement methodologies and their results.
- Suggesting proposals regarding the determination of risk appetite statement and its amendments to the Board.
- Taking measures to establish risk culture in the Bank, creating processes to fulfill the responsibility of supervision, understanding all of the risks arising from the activities of the Bank and supervising the integration of these risks to risk management system of the Bank.

Committee Members:

- Adnan Bali: Chairman of Board of Directors and Head of Risk Committee
- Yusuf Ziya Toprak: Vice Chairman of Board of Directors and Head of Audit Committee
- Ersin Önder Çiftçioğlu: Member of Board of Directors
- Hakan Aran: CEO
- Ebru Özsuca: Deputy Chief Executive and Head of Asset & Liability Management Committee
- Sezai Sevgin: Deputy Chief Executive
- Can Yücel: Deputy Chief Executive
- Gamze Yalçın: Deputy Chief Executive
- Hürdoğan İrmak: Head of Risk Management Division
- Hamit Umut Toğay: Head of Internal Control Division
- Süleyman H. Özcan: Corporate Compliance Division

Risk Committee contributes to the configuration of Group risk policies also through consolidated group meetings. In the activities that the Risk Committee carries out on a consolidated basis, the deputy CEO responsible from Subsidiaries Division and Head of Subsidiaries Division also attend the meetings.

In the Risk Committee meetings held in the first 3 quarters of 2022, risk management practices of İşbank and its subsidiaries under consolidated risk policies have been evaluated, risk reports have been presented to the Committee, the results have been analyzed and decisions regarding the risk management systems and processes were taken. By the end of the 3rd quarter, the Committee had 8 meetings and 27 decisions have been taken.

Operational Risk Committee

Operational Risk Committee which is established by the Board decision dated 30.04.2020 and numbered 43790, operates to determine the strategies and policies for managing operational risks that Bank may be exposed to, improve the operational risk management framework and strengthen governance model regarding operational risks. Operational Risk Committee is formed to meet at least twice during a calendar year, and the members are listed below.

Committee Members:

- Yusuf Ziya Toprak: Vice Chairman of Board of Directors and Head of Operational Risk Committee
- Ersin Önder Çiftçioğlu: Member of Board of Directors
- Hakan Aran: CEO
- Ozan Gürsoy: Deputy Chief Executive
- Sezgin Yılmaz: Deputy Chief Executive
- Sabri Gökmenler: Deputy Chief Executive
- Sezai Sevgin: Deputy Chief Executive
- Sezgin Lüle: Deputy Chief Executive and Head of Innovation Committee
- Gürler Özkök: Head of Board of Inspectors
- Süleyman H. Özcan: Head of Corporate Compliance Division
- H. Umut Togay: Head of Internal Control Division
- Hürdoğan İrmak: Head of Risk Management Division
- Bülent Akdemir: Head of Information Security Division
- Burcu Nasuhoğlu: Unit Manager of Risk Management Division

Committee functions in coordination with Risk Committee and reports operating results to the Board through Audit Committee.

By the end of 2022, Operational Risk Committee had 2 meetings with the attendance of all members and 2 decisions have been taken.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee evaluates developments related to current activities, collaboration conditions, requests and project proposals submitted to the Bank and monitors the results. The ratio of non-executive managers in the Committee is 50%, and there are no independent members. As of the end of 2022, 13 positive and 6 negative decisions were taken in 6 meetings held with the participation of all members of the Corporate Social Responsibility Committee, and information was provided on 9 subjects.

Committee Members:

- Board Member: Feray Demir
- Board Member Fazlı Bulut
- Board Member: Durmuş Öztekin
- Board Member Sadrettin Yurtsever
- Deputy Chief Executive: Yalçın Sezen
- Deputy Chief Executive: Can Yücel
- Deputy Chief Executive: Suat E. Sözen
- Head of the Corporate Communications Division: Gül Meltem Atılgan

Committee Name	Number of Members	Number of Meetings	Decisions Taken
Audit Committee	2	60	100
TRNC Internal Systems Committee	2	12	14
Credit Committee	5	-	45
Credit Revision Committee	5	7	1
Corporate Governance Committee	4	4	4
Sustainability Committee	15	1	1
Remuneration Committee	2	8	12
Board of Directors Operating Principles Committee	4	0	0
Risk Committee	11	11	33
Operational Risk Committee	14	2	2
Corporate Social Responsibility Committee	7	6	19

Information on Risk Management Policies Applied per Risk Types

Besides banking activities, both financial and non-financial risks encompassing the whole group required to be analyzed, monitored and reported from the standpoint of group risk management in addition to that of banking-specific risk management principles. Beyond regulatory requirements this aspect of risk management has become an industry standard for corporate governance.

The risk management process, organized within the framework of advanced risk management methodologies and favors a common risk management culture throughout the establishment, is structured to emphasize good corporate governance, assuring segregation of units responsible for monitoring and controlling risk from executive functions. In that respect, risk definition, measurement, analysis, monitoring, reporting and control functions are carried out within the same framework.

The process of risk management and the functions involved in that process are among the highest priority responsibilities of the İşbank Board of Directors. The Risk Management Division, which acts through the Risk Committee and Operational Risk Committee and forms a functional constituent of the risk management function in collaboration with the Bank Credit Committee and the Asset & Liability Management Committee, carries out the works towards the regulatory and internal capital adequacy in accordance with the Basel framework and consistent with international best practices, in addition to working towards developing and validating risk measurement methodologies and optimizing the capital adequacy management process.

Capital Adequacy Policy

Capital Adequacy Policy defines the level of capital, on consolidated and unconsolidated basis, that the Bank must hold against potential losses arising from financial risks associated with on and off-balance sheet items in addition to non-financial risks caused by the Bank’s operations; and establishes the principles for maintaining and monitoring the minimum capital levels determined in accordance with the regulations and the Internal Capital Adequacy Assessment Process. Capital Adequacy Policy is an integral part of the Risk Policies.

Credit Risk Policy

Credit risk is defined as the probability of the Bank having a loss due to the counterparty not fulfilling the obligation partially or fully on maturity as affirmed in the agreement. Credit Risk Policy sets the framework for credit risk management, control and monitoring, roles and responsibilities and credit risk limits.

İşbank maintains identification, measurement and management of credit risk across all products and activities as defined in the Article 48 of the Banking Law. The Board reviews credit risk policies and strategies annually at minimum. CEO, and the other chief executives and the division heads that are involved in the credit lifecycle are responsible for the execution of credit risk policies.

The credit risk profile of the Bank is continuously monitored. The trend of risk factors and the changes in these factors are reported to the senior management regularly. Avoiding concentration is essential in managing credit risk. Concentration in the credit portfolio is monitored by taking the balance of earnings, riskiness and capital charges into account. To this end, limits specified by the Board of Directors based on counterparties, industry, credit type, collateral, country, maturity, currency etc. are implemented.

In managing credit risk, İşbank implements internal risk limits specified by the Board of Directors that restrict the maximum credit risk based on parameters such as risk groups and sectors in addition to the credit risk limits that are mandated by legal regulations. These internal limits are determined in a way that does not lead to risk concentrations.

İşbank employs internal credit risk rating systems in managing credit risk. Internal credit risk rating systems and artificial intelligence applications are employed with the capability to monitor credit risk on a portfolio basis; to calculate expected and unexpected credit losses and to assess credit risk correctly in credit pricing, performance management, sales and marketing. The assessment and management of the risks related to the models are done according to the Model Risk Management Policy.

Asset and Liability Management Risk Policy

Asset and liability management risk is defined as; the risk of loss caused by Bank's failure to effectively manage all financial risks arising from the bank's assets, liabilities and off-balance sheet transactions. Market risk of trading book, structural interest rate risk of banking book and liquidity risk are all within the scope of asset and liability management risk.

All principles and procedures related to constitution and management of Bank's asset-liability structure and Bank's risk appetite is established by the Board of Directors. Ensuring asset and liability management risk being maintained within the levels imposed by legislation and internal risk limits is the first priority. Within the Bank's risk appetite framework risk tolerance levels which aim to put a cap on the amount of risk undertaken by the Bank are determined by Board of Directors for each risk type on both bank-only and consolidated basis. In this process, liquidity, target income level and general expectations about the risk factors are taken into consideration.

Board of Directors and Audit Committee are obliged to track that Bank's capital is used optimally. For this purpose, they have to keep risks under control and ensure necessary actions being taken.

Asset-Liability Management Committee is responsible for governance of asset and liability management risk in accordance with the risk appetite framework and risk limits determined by Board of Directors and within the principles and procedures expressed in ALM risk policy.

Measuring asset and liability management risk, reporting the results and monitoring the compliance with the risk limits are the responsibilities of Risk Management Division. The level of the risk taken is reviewed under different scenarios. Measurement results are tested in terms of reliability and integrity. Asset and liability management risk is reported to Risk Committee and reported to the Board of Directors through Audit Committee.

Compliance with risk limits is closely and continuously monitored by Risk Management Division, Asset-Liability Management Committee and related business units. In the event of a breach in the risk limits, the breach and its reasons are instantly reported to Board of Directors through Audit Committee. Course of action needed to be taken in order to eliminate the breach is determined by the Board.

Asset and liability management processes and compliance with the policy rules are audited by internal audit system. The principles regarding the audit process, audit reports and fulfillment of action plans to eliminate the errors and gaps determined by internal audit are established by the Board of Directors.

Stress Testing Policy

The purpose of the Stress Testing Policy is to measure the significant risks and vulnerabilities that may arise from both bank specific adverse developments or from stress conditions on general economic and financial environment.

Stress testing programme is defined as the collection of studies and analyses to assess the risks generated by Bank's activities and the programme covers the methodologies, assumptions and scenarios related with those analyses. In order to ensure the validity and appropriateness of the results; stress testing programme is regularly monitored and updated taking into consideration the current economical conjuncture and market conditions, Bank's products, strategies and technological capabilities and Bank's risk appetite framework.

Bank implements a stress testing programme oriented to assess the risks both from a holistic view (i.e. bank-wide stress tests) and on the basis of the important risk types (i.e. individual stress tests) in accordance with the regulations and internal procedures and the results are reported to the senior management, Board of Directors and other related legal authorities.

The Board of Directors is responsible for conducting the stress testing programme as a whole. The Board of Directors ensures that the outputs of the stress testing programme are evaluated and used as an input for decision making on the relevant fields. Executing the analyses included in stress testing programme, reporting the outputs of the stress tests and monitoring the compliance with respect to the risk limits are the responsibility of Risk Management Division. The scope of the stress testing programme, the set of risk factors to be used in the analyses and the level of the stress parameters are determined by Risk Committee.

The processes related to stress testing and compliance with the policy rules are audited by internal audit system. The principles regarding the audit process, audit reports and fulfillment of action plans to eliminate the errors and gaps determined by internal audit are established by the Board of Directors.

Operational Risk Policy

Operational risk is defined as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". This definition includes legal risk. Risk Management Division is responsible for the risk management activity on this particular risk. Operational risk management activities comprise defining, measuring, analyzing, monitoring and reporting, controlling of operational risks, following up the new techniques on management of operational risks besides regulatory and internal reporting. The fundamental principles and procedures of risk management are determined in Operational Risk Policy.

Categorization of inherited operational risks within the activities and processes is made possible by the Risk Catalogue. It serves as the basic document to define and classify the risks and is subject to alteration as conditions change. Risk Catalogue is modified in line with the improving risk management practices and changing regulations.

Operational risk is managed on the basis of the three lines of defense approach within the framework of risk management policies approved by the Board. Risk appetite and affiliated internal limits which are determined by the Board for the operational risks are monitored periodically. Internal and external factors that may affect banking operations negatively are considered in the process of determining operational risks. Operational risk management process combines both qualitative and quantitative approaches in measurement and assessment. In the process of measurement and assessment, risks are prioritized with respect to financial, legal, reputational and operational effects of operational risks that Bank is exposed to. Apart from the calculations executed within the scope of legislation, "internal measurement methods", "impact - likelihood analysis", "loss data analysis", "scenario analysis", "stress testing" and "key risk indicators" are utilized. Studies are reported to the Board through Risk Committee and Operational Risk Committee.

Operational risks that the Bank is exposed in the banking and information systems processes, risk levels of new product, service and activities, support and valuation services, operational risk related loss events and risk indicators are monitored regularly by Risk Management Division and reported periodically to the Risk Committee, Operational Risk Committee and the Board.

Employees have the understanding of the Bank's objective to attain a working environment aiming to reduce the probability of loss, considering that the entire internal rules and procedures, led by operational risk policy, and act sensitively to the inherited operational risks and controls.

Reputational Risk Policy

Reputational risk is defined as loss of trust to the Bank or reputation impairment as a result of non-compliance with existing legal regulations or negative view of parties such as current or potential customers, partners, opponents and supervisory authorities and related studies are conducted by Risk Management Division. Reputational Risk Policy determines principles and procedures for definition, evaluation, control, monitoring, reporting and management activities of reputational risk sources.

Reputational risk sources are evaluated both individually and as a whole, appropriate systems and controls are established to manage risky elements efficiently. Risk Management Division is responsible for reporting reputational risk evaluations periodically to Risk Committee, Audit Committee and the Board of Directors.

All the employees execute their functions with the responsibility of preserving the reputation of the Bank.

Consolidated Risk Policies

Compliance with risk management principles related to the Bank's subsidiaries is monitored according to Bank's Consolidated Risk Policies. Through Consolidated Risk Policies, subsidiaries identify their specific risk management policies which are approved by their boards that form the framework of their risk management systems and processes. Risk levels of subsidiaries are monitored closely by Risk Management Division and reported periodically to the Risk Committee and the Board.

Information Systems Management Policy

The purpose of the Information Systems Management Policy is to determine the principles regarding identification, measurement, monitoring, control, reporting and management of risks arising from information systems management. With this policy, it is intended to effectively manage information systems, which is a critical element for sustaining Bank's activities, by considering information systems management as a part of corporate risk management practices. The provisions of this policy are applied in the management of the Bank's information systems and all elements containing these systems.

Risks derived from information technologies are basically assessed within the scope of Bank's operational risk management framework. It is essential that those risks which could be seen as multipliers of the other risks derived from activities of the Bank are measured, closely monitored and controlled within Bank's integrated risk management framework.

Model Risk Management Policy

The purpose of the Model Risk Management Policy is to regulate the procedures and principles, regarding the model risk management by considering the end to end life cycle of the models used by the Bank. With the policy, it is aimed to manage the model risk, caused by errors, malfunctions or deficiencies in the life cycle of the models used in the activities of the Bank, with a holistic perspective.

In the bank, model risk is managed by the three line of defense structure; first line of defense (model owner, model development team, model implementation

team, model user), second line of defense (model risk management team, validation team, internal control) and the third line of defense (internal audit). Model risk management covers the entire model life cycle. The main activities in each step of the model life cycle and the responsibilities within the scope of these activities are determined in the policy.

Climate Change Risk Policy

Climate change includes "transition risks" that may be encountered due to the transition to a low carbon economy and "physical risks" that may arise due to the effects of climate change on nature. Bank's Climate Change Risk Policy regulates the principles and procedures regarding the identification, definition, evaluation and/or measurement, monitoring, control, reporting and management of climate change risks that the Bank may be exposed to as a result of its activities.

Climate change risk, in addition to being a type of risk that the Bank may be directly exposed to, may also arise due to other risks that may occur during the execution of its operations. Therefore, Climate Change Risk Policy is an integral part of the Bank's other Risk Policies.

The main purpose of climate change risk management is to ensure the compatibility of the Bank's activities and practices with its climate change strategy. Responsibilities regarding climate change risk management, have been defined within the framework of the three line of defense. Basically, the task of the first line is to ensure that credit decisions are made taking into account the risks of climate change throughout the lending process. The second line determines the working principles, rules, policies and requirements regarding climate change risk. The third line provides assurance to the Board of Directors that the structure described here is functioning properly.

Managers of Internal Systems

Second Line of Defense:

Name	Sezai Sevgin	Hürdoğan Irmak	Süleyman H. Özcan	Engin Yalçın
Duty	Deputy Chief Executive Responsible for Internal Systems:	Head of Risk Management Division	Head of Corporate Compliance Division (Compliance Officer)	Head of the Internal Control Division
Term of Office	1 year 2 months	5 years 3 days	2 years 6 months	2 months
Professional Experience	33 years	22 years	29 years	26 years
Divisions Previously Served	Board of Inspectors İşbank AG Corporate Marketing Division Commercial Banking Marketing Division Gebze Corporate Branch Maslak Corporate Branch Bayındır Health Group	Corporate Loans Underwriting Division Board of Inspectors Risk Management Division	Board of Inspectors Accounting Division, Change Management Board, Strategy and Corporate Performance Management Division, Investor Relations Division	Board of Inspectors Payment Systems Retail Banking Product Division İş Merkezleri Yönetim ve İletişim A.Ş.
Educational Background	Bachelor's Degree	Bachelor's Degree	Bachelor's Degree	Bachelor's Degree

Third Line of Defense:

Name	Duty	Term of Office	Professional Experience	Divisions Previously Served	Educational Background
Gürler Özkök	Chairperson of the Board of Inspectors	12 months	29 years	Risk Management Division Deputy Chairperson of the Board of Inspectors, Izmir Branch Izmir Commercial Branch Akdeniz Corporate and Maslak Corporate Branches	Master's Degree Abroad

Audit Committee's Assessment on the Operation of Internal Audit, Internal Audit, Compliance and Risk Management Systems, and its Activities in the Reporting Period

Internal Audit

Reporting to the Board of Directors of İşbank, the Board of Inspectors conducts audits of the Bank's Head Office divisions, banking processes, information systems, domestic and foreign branches, and the activities of consolidated subsidiaries. The audits aim to provide assurance that the Bank's activities are in compliance with legal regulations, the Bank's strategies, policies, principles, and goals. The work carried out in this direction prioritizes the assessment of the effectiveness of the processes for identifying risks and developing the necessary controls within the framework of the activities of the first and second lines of defense. In accordance with national and international quality standards, audits are conducted on-site or remotely, depending on business needs, with a modern and risk-focused approach, utilizing the strength of the Board of Inspectors' deep-rooted audit culture and advanced information technologies.

The Board of Inspectors also conducts preliminary inspections, examinations, and investigations into suspicions of internal crime.

The audit reports prepared as a result of the inspection activities are communicated to the senior management and relevant divisions via the Audit Committee, and the measures taken in response to the findings are monitored by the Board of Inspectors. The Board of Directors closely monitors the activities of the Board of Inspectors through monthly activity reports submitted via the Audit Committee.

İşbank's banking processes and information systems are annually audited by the Board of Inspectors in a risk-based manner to provide the basis for the Management's Declaration to be submitted to an independent auditor in accordance with the "Regulation over External Audit Institutions' Information Systems and Banking Processes Audits" published by the Turkish Banking Regulation and Supervision Agency (BRSA). In this context, during the audit of the financial reporting process within the routine banking processes, the preparation of the consolidated financial statements as well as the unconsolidated financial statements are reviewed by the Board of Inspectors. In addition, during the regular audits of subsidiaries, the financial reports submitted by the related companies are reviewed within legal regulations and basic accounting principles such as accuracy and completeness.

In 2022, audits were conducted in domestic and foreign branches, as well as in the Head Office Divisions and Units, subsidiaries and Regional Directorates. In addition, the Bank's loans to the top 400 companies with the highest credit risk, which constitute 47% of the Bank's total loans, were audited.

The following audits were conducted:

- Portfolio (Collective) Custody Service,
- Sustainability Management System,
- Gender Equality in Remuneration,
- Compliance Program on Prevention of Laundering Proceeds of Crime and the Financing of Terrorism,
- Türkiye İş Bankası A.Ş. Group Compliance Program on Prevention of Laundering Proceeds of Crime,
- London Branch Compliance Program on Prevention of Laundering Proceeds of Crime,
- Valuation Services Received by İşbank,
- Internal Capital Adequacy Assessment Process (ICAAP),
- Compliance with the Guidelines on Loan Allocation and Monitoring Processes.

The management of customer complaints is also audited by the Board of Inspectors, and customer complaints received directly by the Board of Inspectors through various channels, including the Ethics Line, are inspected on a case-by-case basis..

Compliance

Compliance is the foremost duty and responsibility of all managers and employees of İşbank at any level. Compliance functions and activities executed in the Bank's Head Office divisions, domestic and overseas branches, and its subsidiaries are monitored by the Corporate Compliance Division, which reports to the Board of Directors. The purpose of the Corporate Compliance Division is to make the maximum contribution to the Bank's efforts to effectively manage and control compliance risk according to a materiality- and risk-based approach and to ensure the execution and management of the Bank's activities in accordance with applicable laws, regulations and standards at all times.

Besides being the "Compliance Officer" of the Bank, the Head of the Corporate Compliance Division is also a member of the Risk Committee and Operational Risk Committee and a consultant member of the ISSteering Committee, Business and ISContinuity Committee, Information Security Committee, and Information Sharing Committee.

The Bank also oversees the effective execution of the corporate compliance activities of its subsidiaries. The necessary researching, analyzing, monitoring, assessing, informing, conducting, coordinating and reporting activities regarding compliance issues are conducted within the Corporate Compliance Division, which consists of three sub-units, namely Regulatory Compliance, Fiscal Crimes, and Sanctions and International Obligations.

The duties and responsibilities of the Compliance Officer as specified in the Law on Prevention of Laundering Proceeds of Crime and other applicable regulations are fulfilled by the Head of the Corporate Compliance Division, who is the legal "Compliance Officer" of İşbank as well. The Head of the Corporate Compliance Division also serves as the "Compliance Officer" of the Financial Group, the parent company of which is the Bank, in accordance with MASAK (Financial Crimes Investigation Board) regulations.

Activities regarding the prevention of financial crimes and sanctions at İşbank are executed in a purposeful and effective manner in accordance with applicable regulations and the Bank's Policy and Compliance Program, which were developed for this purpose.

Officers and Assistant Specialists who have just begun to work for İşbank and employees who are promoted receive a "Policy for Combating Financial Crimes and Sanctions and Compliance Program" class as part of their career training program. In addition, the Corporate Compliance Division shares information on Financial Crimes, Sanctions, International Obligations and Legal Compliance activities under the Career as a Specialist Internship Program designed to support the career growth of Senior Assistant Specialists at the Bank. In addition to these trainings, all employees who are expected to have knowledge on the subject due to their duties at the Bank are provided with an e-training titled "Combating Financial Crimes". In addition, orientation training is provided to employees of overseas organizations, and lectures on Combating Financial Crimes and International Sanctions are given to the members of the Board of Inspectors within the III. Term Training Program.

Employees of the Sanctions and International Obligations Unit participate in various events such as seminars, trainings and conferences organized by international organizations such as SIBOS, ACAMS, correspondent banks, data provider companies, various authorities, or other institutions.

 The Compliance Risk Management Policy and Combating Financial Crimes and Sanctions Policy are available at www.isbank.com.tr under "[Investor Relations/Corporate Governance](#)".

Internal Control

The main objective of the internal control system is to provide the maximum contribution to achieve İşbank's corporate targets set in accordance with the Bank's vision, mission and strategies, as well as stakeholder expectations. To this end, the performance required to ensure that all components of the internal control system operate together in an integrated and effective manner, under the supervision of İşbank's Board of Directors, with the contribution and support of all İşbank's employees, is being rigorously carried out with professional care and attention.

For this purpose, "on-site" and/or "remote" controls have been carried out by the Internal Control Division with a risk-oriented approach on the activities of the Bank's domestic and foreign branches and Head Office units, financial reporting and information systems, and internal control structures of the subsidiaries subject to consolidation.

Activities for central and continuous monitoring of the effectiveness of controls by using advanced data analytics applications were conducted.

The results of the reviews were analyzed by the Internal Control Division, and developing proposals, monitoring and follow-up activities intended for eliminating the existing deficiencies and preventing the recurrence of the defects were continued.

In order to contribute to their professional development, İşbank’s internal control personnel were provided with various trainings throughout the year. The Internal Control Division also supported the trainings given to İşbank’s employees in order to increase the awareness of internal control activities across the organization.

In 2022, in accordance with İşbank’s Sustainability Policy, control activities regarding the operations carried out within the scope of the Sustainability Management System were conducted. The "internal audit" activities defined within the scope of ISO 14001 – Environmental Management System are carried out by the Internal Control Division.

İşbank’s internal control system and internal control activities are structured and operated to make sure that the Bank’s assets are protected, the Bank’s activities are carried out in compliance with the Law and other relevant legislations, the Bank’s internal policies, guidelines, and banking practices, accounting and financial reporting systems function securely and in integrity, and information is provided promptly.

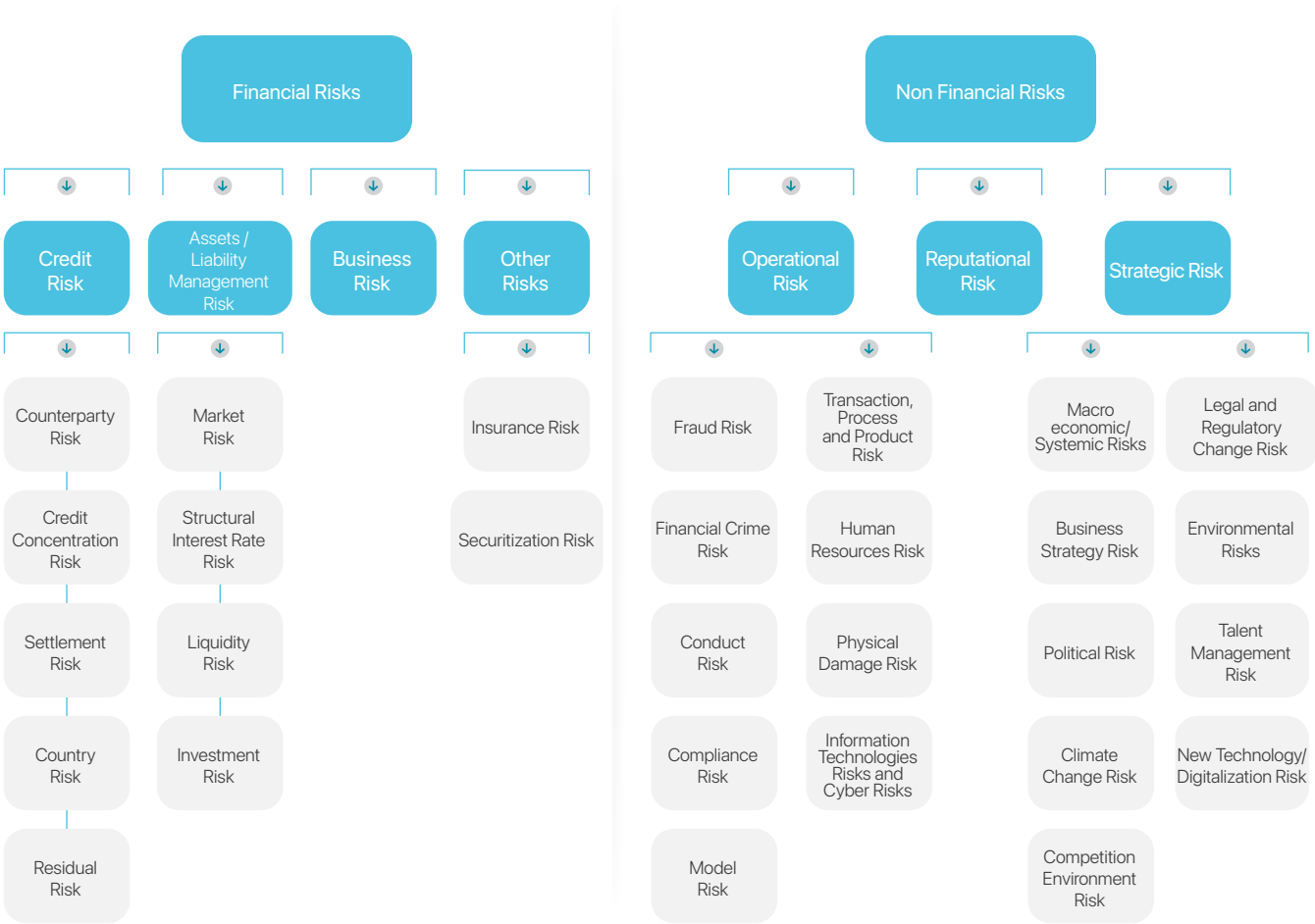
The design and operational effectiveness of the internal control activities carried out by the relevant units in the process is regularly examined by the Internal Control Division, which is an independent function. In the inspections conducted by the Internal Control Division in 2022, no significant disruption was found in the internal controls in place to ensure the effective, reliable, and uninterrupted execution of the Bank’s activities and services, as well as the integrity, consistency, reliability, timely availability, and security of the information provided by the accounting and financial reporting system.

Efficient Risk Management

At İşbank, the risk management process puts "good corporate governance" to the forefront and ensures the segregation of units responsible for monitoring and controlling risk from executive functions, identifies risks in accordance with international regulations and facilitates measurement, analysis, monitoring, reporting and control functions.

The risks to which the Bank is exposed are managed with a triple defense line. The first line of defense is comprised of the executive units and is responsible for identifying and assessing risks, ensuring continuous implementation of risk management, designing and putting process controls in place, and reporting results according to the Bank’s risk appetite, rules, procedures and risk strategies. The second line of defense is comprised of the Risk Management Division, Corporate Compliance Division and Internal Control Division, which report to the Board of Directors. The Risk Management Division is responsible for creating the risk policies and risk catalogue and updating them as necessary, setting and updating control targets for the risks, measuring, monitoring and reporting the risks, and developing a risk management framework. The Internal Control Division tests the effectiveness of controls, while the Corporate Compliance Division sets the policy for compliance risks and establishes the principles regarding the control targets for compliance risks. In the third line of defense, the Board of Inspectors is responsible for conducting an independent audit of the risk management framework and control systems to ensure their effectiveness and adequacy.

The Risk Committee, which was established to share risk management principles within the Bank in order to reflect them in decision-making and implementation processes, is responsible for articulating the risk management strategies and policies of the Bank on a consolidated and unconsolidated basis, submitting them to the Board of Directors for approval and monitoring their implementation. Furthermore, the Operational Risk Committee operates to improve the operational risk management framework and strengthen the governance model regarding operational risks.



The Bank's risk management practices are intended to create a common risk culture across the organization. Risk management activities are based on the regulations and good practices guidelines published by the Banking Regulation and Supervision Agency (BRSA). Besides compliance with regulatory limits, the Bank also ensures capital and liquidity adequacy against all risks undertaken by the Bank as part of the Internal Capital Adequacy Assessment Process (ICAAP).

The Risk Management Division, which is the main executing body of central risk management activities at the Bank, carries out activities related to regulatory and internal capital adequacy to ensure compliance with the Basel framework and international best practices, develops and validates risk measurement methodologies, and optimizes the capital adequacy management process. The Bank's level of risk exposure is systematically monitored in accordance with the written risk policies and implementation procedures. The Bank runs the risk management process as per internal regulations approved by the Board of Directors, including Capital Adequacy, Credit Risk, Asset-Liability Management Risk, Operational Risk, Model Risk, Climate Change Risk, Stress Testing, Reputational Risk, Consolidated Risk and Information Systems Management Policies.

The Bank uses impact-probability analysis, loss event data analysis, scenario analysis, stress testing and risk indicators in addition to the prioritization of risk in the measurements related to operational risks. The risks which are defined in the Risk Catalogue and for which the management principles are explained in detail in the risk policies are reviewed annually, as a minimum, and the related definitions and principles are kept up-to-date.

In order to manage the Bank's risk profile and conduct a prospective assessment of it, the scenario analysis method is used to assess the impact on conjectural but unexpected operational risk-type loss events. The scenario analysis allows assessment of catastrophic events which are also referred to as tail risks and rarely occur but create a high impact when they do occur. Scenario analysis results provide inputs to the operational risk management stress testing and top-down risk assessment studies in addition to the operational risk internal capital requirement.

İşbank has defined numerous risk management policies for various risk types.

Management of Non-financial Risks

Besides financial risks, non-financial risks such as climate change risk, environmental management risk, internal behavior/culture and ethics risks, and employee practice and employee relations risks are defined in the Bank's risk catalogue and considered as part of risk management activities.

Introducing best practices in the management of climate change risks is a priority for İşbank. The Bank carried out project activities aimed at measuring and reporting the climate change risks to which it may be exposed and developing the principles and procedures of governance and integrating such risks into the Bank's strategy and loan processes. The climate change risk, positioned as a strategic risk in the Bank's risk catalogue, is defined and exemplified according to TCFD and international best practices to include transition risks and physical risks. The Climate Change Risk Policy, which was approved and put into force by the Board of Directors, sets out the principles and procedures to be followed for detecting, identifying, assessing and/or measuring, monitoring, controlling, reporting and managing the climate change risks that the Bank may be exposed to in connection with its activities. The "Share of Sectors With High Climate Change Risk Within Total Commercial Portfolio" indicator is monitored within the framework of the Bank's

solo risk appetite in order to prevent an increase in the concentration of sectors with a high exposure to climate change risk within the portfolio and to provide guidance for composition of the portfolio in subsequent periods.

The Bank utilizes a scenario approach in measuring climate change risks. For high-risk sectors, which are identified with the climate change heat map method, an impact analysis for climate risk events is conducted by taking into account the scenario analysis approach of the United Nations Environment Program - Finance Initiative (UNEP-FI), and NGFS reference scenarios.

Reputational risk refers to potential losses which may be caused by loss of trust in the Bank or damage to the Bank's reputation as a result of non-compliance with existing legal regulations or negative views of parties such as current or potential customers, partners, competitors and supervisory authorities. The Bank uses the Reputation Index to monitor reputational risk. This index was created by the Bank to serve as an early warning for elements which might potentially impact the Bank's reputation. Assessments of the level of reputational risk are reported to senior management on a quarterly basis as a minimum. It is the senior management's responsibility to monitor and improve compliance with the corporate governance concept, which constitutes the basis of reputational risk.

İşbank Risk Management Policies



Ersin Önder Çiftçioğlu
Board Member and Audit
Committee Member

Yusuf Ziya Toprak
Vice Chairperson of the
Board of Directors and Audit
Committee Chairperson

Business Ethics

İşbank established the "Ethical Principles and Operational Rules" in line with the Principles of Banking Ethics of the Banks Association. İşbank's Collective Bargaining Agreement and the Bank's legislation also include regulations on employees and working life. Additionally, İşbank's "Human Rights and Human Resources Policy" includes provisions that refer to ethical principles.

There is an ethics hotline to allow employees, customers, and other related parties to report any violation of operational rules to the related units of the Bank in accordance with the Ethical Principles and Operational Rules. In 2022, the Ethics Hotline received a total of 4 complaints. Reports and notifications regarding bribery, corruption and other similar actions submitted through the Ethics Hotline are monitored by the Board of Inspectors.

For behaviors that are found to be in violation of the Bank's policies, the necessary disciplinary action, up to termination of the employment contract, is taken according to the applicable provisions and procedures of the Collective Labor Agreement.

Customer complaints can be conveyed via e-mail, petition, or fax to digital channels, Branches, or directly to the Head Office or the Board of Inspectors. Complaints submitted by customers to Branches and the Head Office units are transferred to the Customer Relations Platform and followed up on the relevant platform. With a special application specifically designed for all employees, complaints can be directly submitted to the Head Office, which then transfers them to the Board of Inspectors for evaluation as necessary.

During the training, Intern Assistant Inspectors receive a one-hour "Ethical Principles" and "Anti-Bribery and Anti-Corruption" training. The topic of "Ethical Principles" is also covered as part of a one-hour class during the "Branch Managers Development Program", "My Management Career", and "As I Rise in My Career" trainings given to managers and manager candidates.

In 2022, 1,480 hours of ethical training was given to 2,700 employees.

The "Internal Audit" training provided by the Board of Inspectors as part of the Branch Managers Development Program covers ethical banking principles. In addition,

in the seminars "Sexism Behind Politeness: Culture and Language", "Sustainability through the Lens of Gender Equality", and "Law Against Violence: Empowerment Through Rights" held within the scope of Management Development Conferences, information on basic human rights from the perspective of related topics was shared.

Private security officers are informed about individual rights in the "Law on Private Security Services and Individual Rights" course, which is delivered as part of their refresher training. In 2022, 191 employees participated in Private Security Refresher trainings. In addition, in 2022, the Bank's "Human Rights and Human Resources Policy" text was sent by the Support Services Division to all private security officers via e-mail for their information.

In the "Getting to Know Our Bank" course delivered as part of the "Starting My Career" trainings organized for new employees at İşbank, the principles set out in the Bank's Human Rights and Human Resources Policy are addressed. During the "Getting to Know Our Bank" course within the scope of "Starting My Career" trainings provided to new employees at İşbank, the requirement to act according to the discipline regulations and the "Ethical Banking Principles" is emphasized. In the career training programs organized for employees promoted to Senior and Assistant Manager positions, the Board of Inspectors also provides information on this subject.

In the "Banking Law" class included in the Career as a Specialist training for Senior Assistant Specialists and the career training programs for employees promoted to Supervisor and Assistant Manager roles, information is provided on the ethical principles that bank employees are obliged to comply with.

The "Ethical Principles and Operational Rules" digital training was made available to employees. The training included detailed information on the Bank's ethical principles and operational rules, our quality, compliance and risk policies, the principles on Combating Financial Crimes and implementation of Sanctions, Compliance with Competition Law and ensuring Information Security, and information on the "Ethics Hotline" where employees can report any violations or suspected violations of ethical principles.

Anti-Bribery and Anti-Corruption

Anti-bribery and anti-corruption is an uncompromised priority of İşbank's banking approach.

Bribery and corruption risk is defined as the risk that the Bank will incur losses due to an employee of the Bank abusing the power vested in them as part of their role at the Bank in order to, directly or indirectly, secure benefits for themselves or third parties and failing to comply with the anti-bribery and anti-corruption laws and internal regulations. Measuring and prioritizing bribery and corruption risk is done through a top-down risk assessment, impact-probability analysis, loss event data analysis and scenario analysis activities.

During routine audits conducted by the Board of Inspectors according to Internal Audit Standards, all risks, including anti-bribery and anti-corruption, are addressed on a periodic basis, and the audit results are reported to authorized divisions of the Bank in accordance with the provisions of applicable legislation, and the outcomes of the reported findings are monitored. Besides existing risks, factors that present potential risks are also identified, appropriate solutions are proposed, and the entire process is monitored. If any violation of anti-corruption policies is detected during the audits, appropriate action is taken according to the internal discipline regulations and legal regulations.

All findings, reports and customer complaints related to corruption practices are meticulously handled and thoroughly investigated. At the end of audits, the reports prepared to allow necessary administrative decisions to be made in accordance with the Bank's collective labor agreement and the legislation are transferred to the related Head Office Divisions for action. In 2022, the scale of activities evaluated in relation to corruption risks was found to be at a negligible level compared to the total assets of the Bank.

İşbank's guiding policies on anti-corruption are the "Ethical Principles and Operational Rules" and the "Anti-Bribery and Anti-Corruption Policy". İşbank's "Anti-Bribery and Anti-Corruption Policy", which is the reference document for combating bribery and corruption at the Bank, was publicly disclosed on the corporate website. The Anti-Bribery and Anti-Corruption Policy is implemented by the relevant Head Office Division under the supervision of the Corporate Governance Committee. Compliance with the provisions of this policy is audited within the scope of internal audit. The principles regarding fulfillment of the action plans to resolve audit findings are determined by the Corporate Governance Committee.

For behaviors that are found to be in violation of the Bank's policies, the necessary disciplinary action, up to termination of the employment contract, is taken according to the Human Resources Regulation and applicable provisions and procedures of the Collective Labor Agreement. Where circumstances warrant legal action, the violation is brought to the attention of legal authorities.

The content of the e-training "Policy for Combating Financial Crimes and Sanctions Compliance Program", which is assigned to all employees as a legal compliance training, is determined by the Corporate Governance Division and updated regularly and covers information about the topic of "Anti-Bribery and Anti-Corruption". Regular communication is carried out to ensure completion of this training by the employees.

During the "Getting to Know Our Bank" course within the scope of "Starting My Career" trainings provided to new employees at İşbank, the requirement to act according to the discipline regulations and the "Ethical Banking Principles" is emphasized. This topic is also covered during the "Policy for Combating Financial Crimes and Sanctions and Compliance Program" class for our Officers and Assistant Specialists which is included in the same training program.

With the "Banking Law" class included in the Career as a Specialist training for Senior Assistant Specialists and the career training programs for employees promoted to Supervisor and Assistant Manager roles, information is provided about the legal regulations concerning corruption and other similar crimes.

The sensitivities specified in the Anti-Bribery and Anti-Corruption Policy on the home page of İşbank's purchasing platform are also observed in supplier selection. In the reporting period, no supplier was found to be involved in bribery and corruption incidents.

[Click here for İşbank's Ethical Principles And Code Of Conduct](#)

[Click here for İşbank's Anti-Bribery and Anti-Corruption Policy.](#)

Corporate Governance Principles Compliance Statement

İşbank is subject to the provisions stipulated for banks in the Banking legislation and Capital Markets legislation regarding Corporate Governance Principles. The Bank carries out its activities in accordance with the compulsory principles of the Communiqué on Corporate Governance (Communiqué) published by the Capital Markets Board.

The Bank’s practices regarding the non-compulsory provisions of the principles stipulated in the Communiqué and additional information within the framework of Corporate Governance are included in the Corporate Governance Compliance Report and Corporate Governance Information Form, which are part of the Integrated Annual Report which is published with the approval of our Board of Directors. No changes are foreseen to be performed in the Bank’s managerial practices within the framework of the principles stipulated in the Communiqué. Within the year, efforts to develop the practices of the corporate governance principles of the Bank have continued.

The “Sustainability Principles Compliance Framework” section of our Integrated Annual Report includes the Bank’s practices and information regarding the principles within the scope of the regulation with the same title published by the Capital Markets Board.

Corporate Governance Compliance Report

Company Compliance Status						
	Yes	Partial	No	Exempted	Not Applicable	Explanation
Corporate Governance Compliance Report						
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					
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	
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				In addition to the shareholders of İşbank, the persons mentioned in "İşbank Internal Directive on Working Principles and Procedures of General Assembly" may attend the General Assembly
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	
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			In our Bank, minority rights are exercised in line with the related legislation.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					

Company Compliance Status						
	Yes	Partial	No	Exempted	Not Applicable	Explanation
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	
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					
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					
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					
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						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.		X				İşbank employees participate in the management of the Bank via their beneficiary status in İşbank Members' Supplementary Pension Fund, which holds 37.31% of İşbank shares.
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					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises 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					

Company Compliance Status						
	Yes	Partial	No	Exempted	Not Applicable	Explanation
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					
3.3.9 - A safe working environment for employees is maintained.	X					
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					
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				Our Bank's Board of Directors and Executives are insured against the risk of loss they may cause due to their faults while performing their duties within the scope of a liability insurance policy that names our Bank and our participations as the insured, however, the coverage of insurance is below the mentioned amount.

Company Compliance Status						
	Yes	Partial	No	Exempted	Not Applicable	Explanation
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					
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 attend the majority of the board meetings in person or via an electronic board meeting system	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					
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				The duties that İşbank Board members have outside the Bank are provided in the Annual Report which is presented in the General Assembly.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Members of İşbank Board of Directors may take part in more than one committee within the context of the related legislation.
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				Restrictions related with the loans to be extended by İşbank to the Board members and employees are defined in article 50 of the Banking Law. In this context, İşbank does not extend loans to its Board members and employees other than those allowed by the law.
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				Total compensation of the Board members and managers with administrative responsibilities is disclosed. On the other hand, the net allowance amount paid to our Board members on an individual basis is determined at our General Assemblies and disclosed to the public together with the General Assembly minutes.

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	In 2022, İşbank participated 9 conferences online for stock and bond investors. In these events, a total of 127 meetings were conducted. In addition to 4 investor events in teleconference and videoconference format, where investors participated via remote access, 111 meetings were held.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	www.kap.org.tr/tr/Bildirim/914649
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	General Assembly documents except the list of participants and the minutes of the meeting (invitation to the General Assembly, agenda, proxy statement, information document, dividend distribution proposal, etc.) are presented in Turkish and English simultaneously.
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	-
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 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)	-
The name of the section on the corporate website that demonstrates the donation policy of the company	İşbank Donation and Contribution Principles can be found on İşbank website, Home Page > About Us > Investor Relations > Corporate Governance > İşbank Donation and Contribution Principles.
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/270320
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 47
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Shareholders and shareholder representatives as well as Board members, independent auditor representatives and İşbank employees (within the context of the legislation) participated in the General Assembly held in 2022.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	37,31%
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.	-

1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Home Page >About Us > Investor Relations > Corporate Governance > Dividend Distribution Policy
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.	-
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-
General Assembly Meetings	
General Meeting Date	25.03.2022
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0,00%
Shareholder participation rate to the General Shareholders' Meeting	81,02%
Percentage of shares directly present at the GSM	0,04%
Percentage of shares represented by proxy	80,98%
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	Home > About Us > Investor Relations > Corporate Governance > Resolutions Made at the Annual General Meeting
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	Home > About Us > Investor Relations > Corporate Governance > Resolutions Made at the Annual General Meeting
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	858
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/1014714-1013992-1013298-1004842-1004917-1013298-1013992-1014714
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.	Home Page > About Us > Investor Relations
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.	Home > About Us > Investor Relations > Corporate Overview > Corporate Information > Ownership Structure
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	Additional Information Regarding the Related Legislation
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	İşbank Committees
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	Information about the Board of Directors Meetings in 2022

g) 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	No legislation change that would significantly impact İşbank activities has occurred
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	Unconsolidated Financial Statements as at and for the Year Ended 31 December 2022 with Independent Audit's Report Thereon - Information on Other Provisions
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	None
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%	İşbank has no cross ownership subsidiaries.
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	Responsible Operations - Decent Work / Good Corporate Citizen - Contribution to Social Welfare

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	Compensation principles for Bank employees are determined by the Collective Bargaining Agreement which is shared with the employees through İşbank's Corporate Intranet Portal.
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)	In addition to our employees, all other stakeholders can submit their complaints to the Board of Inspectors through the channels included in the Ethical Principles and Code of Conduct approved by the Board of Directors of our Bank. Following detailed and independent evaluations, complaints are directly examined by the Board of Inspectors or transferred to the relevant units of the Bank. İşbank also has an online communication platform through which employees may submit their requests and complaints to the Senior Management directly. Only a limited number of managers have access to the said platform.
The contact detail of the company alert mechanism	E-mail: etik@isbank.com.tr Phone: +90 212 316 14 44 Address: Türkiye İş Bankası A.Ş. Etik Hat İş Kuleleri Kule 1 Kat 34 34330 Levent-Beşiktaş/ İSTANBUL

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	No information on this matter is available on our website.
Corporate bodies where employees are actually represented	Isbank employees participate in the management of the Bank via their beneficiary status in İşbank Members' Supplementary Pension Fund, which holds 37.31% of İşbank shares.

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	Board of Directors create 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.	Home Page > About Us > Sustainability > Our Policies

Whether the company provides an employee stock ownership programme	(There isn't an employee stock ownership programme)
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.	Home Page > About Us > Sustainability > Our Policies
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	Home Page > About Us > Investor Relations > Corporate Governance > Ethical Principles and Code of Conduct
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.	Home Page > About Us > Sustainability > Our Reports
Any measures combating any kind of corruption including embezzlement and bribery	Home Page > About Us > Sustainability > Our Policies

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	23.11.2022
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	No delegation of authority in İşbank
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	101
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	Audit Committee's Assessment on the Operation of Internal Audit, Internal Control, Compliance and Risk Management Sytems and Its Activities in the Reported Period
Name of the Chairman	Adnan Bali
Name of the CEO	Hakan Aran
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Chairman and General Manager seats are held by 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	Our Banks Board of Directors and Executives are insured against the risk of loss they may cause due to their faults while performing their duties within the scope of a liability insurance policy that names our Bank and our participations as the insured, however, the coverage of insurance is below the mentioned amount. On the other hand, this issue has not been disclosed on the Public Disclosure Platform
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	https://www.isbank.com.tr/en/about-us/Documents/investor-relations/board_diversity_policy.pdf
The number and ratio of female directors within the Board of Directors	1 / %9

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	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	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
ADNAN BALİ	Non-executive	Not independent director	01.04.2011		Not applicable	-	Yes
YUSUF ZİYA TOPRAK	Non-executive	Independent director	31.03.2020		Not considered	No	Yes
HAKAN ARAN	Executive	Not independent director	01.04.2021		Not applicable	-	Yes
FERAY DEMİR	Non-executive	Not independent director	25.03.2016		Not applicable	-	Yes
ERSİN ÖNDER ÇİFTÇİOĞLU	Non-executive	Independent director	31.03.2017		Not considered	No	Yes
FAZLI BULUT	Non-executive	Not independent director	29.03.2019		Not applicable	-	Yes
DURMUŞ ÖZTEK	Non-executive	Not independent director	31.03.2020		Not applicable	-	Yes
RECEP HAKAN ÖZYILDIZ	Non-executive	Not independent director	31.03.2020		Not applicable	-	Yes
MUSTAFA RIDVAN SELÇUK	Non-executive	Not independent director	31.03.2020		Not applicable	-	Yes
AHMET GÖKHAN SUNGUR	Non-executive	Independent director	31.03.2020	www.kap.org.tr/tr/Bildirim/916723	Considered	No	Yes
SADRETTİN YURTSEVER	Non-executive	Not independent director	31.03.2020		Not applicable	-	Yes

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical or electronic board meetings in the reporting period	9 physical, 7 online
Director average attendance rate at board meetings	98,86%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	In accordance with article II/4/b of the Directive on Working Procedures and Principles of İşbank Board of Directors, a copy of the agenda and proposals is sent to the members before the meeting date at a reasonable time which allows them to make the necessary evaluations.
The name of the section on the corporate website that demonstrates information about the board charter	Articles of Association
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	İşbank Committees
Link(s) to the PDP announcement(s) with the board committee charters	www.kap.org.tr/tr/Bildirim/262622

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
Corporate Governance Committee		Ersin Önder Çiftçioğlu	Yes	Board member
Corporate Governance Committee		Feray Demir	No	Board member
Corporate Governance Committee		Sadrettin Yurtsever	No	Board member
Corporate Governance Committee		Neşe Gülden Sözdinler	No	Not board member
Audit Committee		Yusuf Ziya Toprak	Yes	Board member
Audit Committee		Ersin Önder Çiftçioğlu	No	Board member
Remuneration Committee		Adnan Bali	Yes	Board member
Remuneration Committee		Feray Demir	No	Board member
Other	Credit Committee	Hakan Aran	Yes	Board member
Other	Credit Committee	Adnan Bali	No	Board member
Other	Credit Committee	Feray Demir	No	Board member
Other	Credit Committee	Yusuf Ziya Toprak (Alternate member)	No	Board member
Other	Credit Committee	Fazlı Bulut (Alternate member)	No	Board member
Other	Turkish Republic of Northern Cyprus Internal Systems Committee	Yusuf Ziya Toprak	Yes	Board member
Other	Turkish Republic of Northern Cyprus Internal Systems Committee	Ersin Önder Çiftçioğlu	No	Board member
Other	Credit Revision Committee	Adnan Bali	No	Board member
Other	Credit Revision Committee	Yusuf Ziya Toprak	No	Board member
Other	Credit Revision Committee	Feray Demir	No	Board member
Other	Credit Revision Committee	Ersin Önder Çiftçioğlu	No	Board member
Other	Credit Revision Committee	Sadrettin Yurtsever	No	Board member
Other	Corporate Social Responsibility Committee	Feray Demir	No	Board member
Other	Corporate Social Responsibility Committee	Sadrettin Yurtsever	No	Board member
Other	Corporate Social Responsibility Committee	Fazlı Bulut	No	Board member
Other	Corporate Social Responsibility Committee	Durmuş Öztekin	No	Board member
Other	Corporate Social Responsibility Committee	Can Yücel	No	Not board member
Other	Corporate Social Responsibility Committee	Suat E. Sözen	No	Not board member
Other	Corporate Social Responsibility Committee	Gül Meltem Atılgan	No	Not board member
Other	Risk Committee	Adnan Bali	Yes	Board member
Other	Risk Committee	Yusuf Ziya Toprak	No	Board member
Other	Risk Committee	Ersin Önder Çiftçioğlu	No	Board member
Other	Risk Committee	Hakan Aran	No	Board member
Other	Risk Committee	Ebru Özşuca	No	Not board member
Other	Risk Committee	Gamze Yalçın	No	Not board member

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
Other	Risk Committee	Can Yücel	No	Not board member
Other	Risk Committee	Sezai Sevgin	No	Not board member
Other	Risk Committee	Hürdoğan Irmak	No	Not board member
Other	Risk Committee	Süleyman H. Özcan	No	Not board member
Other	Risk Committee	Engin Yalçın	No	Not board member
Other	Operational Risk Committee	Yusuf Ziya Toprak	Yes	Board member
Other	Operational Risk Committee	Hakan Aran	No	Board member
Other	Operational Risk Committee	Ersin Önder Çiftçioğlu	No	Board member
Other	Operational Risk Committee	Ozan Gürsoy	No	Not board member
Other	Operational Risk Committee	Mehmet Celayir	No	Not board member
Other	Operational Risk Committee	Sabri Gökmenler	No	Not board member
Other	Operational Risk Committee	Sezgin Lüle	No	Not board member
Other	Operational Risk Committee	Sezai Sevgin	No	Not board member
Other	Operational Risk Committee	Gürler Özkök	No	Not board member
Other	Operational Risk Committee	Süleyman H. Özcan	No	Not board member
Other	Operational Risk Committee	Engin Yalçın	No	Not board member
Other	Operational Risk Committee	Hürdoğan Irmak	No	Not board member
Other	Operational Risk Committee	Bülent Akdemir	No	Not board member
Other	Operational Risk Committee	Burcu Nasuhoğlu	No	Not board member
Other	Sustainability Committee	Adnan Bali	Yes	Board member
Other	Sustainability Committee	Ersin Önder Çiftçioğlu	No	Board member
Other	Sustainability Committee	Feray Demir	No	Board member
Other	Sustainability Committee	Gamze Yalçın	No	Not board member
Other	Sustainability Committee	N. Burak Seyrek	No	Not board member
Other	Sustainability Committee	Ozan Gürsoy	No	Not board member
Other	Sustainability Committee	Sabri Gökmenler	No	Not board member
Other	Sustainability Committee	Sezgin Yılmaz	No	Not board member
Other	Sustainability Committee	Sezai Sevgin	No	Not board member
Other	Sustainability Committee	H. Cahit Çınar	No	Not board member
Other	Sustainability Committee	İzlem Erdem	No	Not board member
Other	Sustainability Committee	Can Yücel	No	Not board member
Other	Sustainability Committee	Suat E. Sözen	No	Not board member
Other	Sustainability Committee	Hürdoğan Irmak	No	Not board member
Other	Sustainability Committee	Neşe Gülden Sözdinler	No	Not board member
Other	Board of Directors Operating Principles Committee	Adnan Bali	Yes	Board member
Other	Board of Directors Operating Principles Committee	Feray Demir	No	Board member
Other	Board of Directors Operating Principles Committee	Durmuş Özbek	No	Board member

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)	Information about the activities of Audit Committee which was established within the context of the related legislation is presented in "İşbank Committees" section 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)	İşbank Committees
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)	At İşbank, functions of Nomination Committee are fulfilled by Corporate Governance Committee.
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)	Information about the activities of Risk Committee is presented in "İşbank Committees" section 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)	Information about the activities of Remuneration Committee which was established within the context of the related legislation is presented in "İşbank Committees" section 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)	Reliable Financial Actor, Responsible Operations
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Home Page > About Us > Investor Relations > Corporate Governance > Remuneration Policy
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)	Additional Information Regarding the Related Legislation

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 Reports On Its Activities Submitted To The Board
Corporate Governance Committee		75%	25%	4 online	2
Audit Committee		100%	100%	60	12
Remuneration Committee		100%	0%	8	-
Other	Credit Committee	80%	20%	-	-
Other	Turkish Republic of Northern Cyprus Internal Systems Committee	100%	100%	12	2
Other	Credit Revision Committee	100%	40%	3 physical, 4 online	1
Other	Corporate Social Responsibility Committee	50%	0%	2 physical, 4 online	8
Other	Risk Committee	64%	18%	4 physical, 7 online	14
Other	Operational Risk Committee	64%	14%	2 physical	-
Other	Sustainability Committee	33%	7%	1 online	1
Other	Board of Directors Operating Principles Committee	100%	0%	-	-

Sustainability Principles Compliance Framework

COMPLIANCE STATUS							
		YES	NO	PARTIAL	IRRELEVANT	EXPLANATION	DEFINITION
A. General Principles							
A1. Strategy, Policies and Targets							
A1.1	Material environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the partnership's Board of Directors.	x					Home Page >About Us > Sustainability > Our Policies
	ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Board of Director of the corporation	x					Home Page >About Us > Sustainability > Our Policies
	Short and long- term targets set within the scope of ESG policies were disclosed to the public.	x					Global Tendencies, Risks, Opportunities and Forecasts, page 23-27 Our Business Model: İşbank Banking, page 31 Reliable Financial Actor, page 52-101 Responsible Operations, page 102-127 Good Corporate Citizen page 128-189 2022 CDP Climate Change Report, page 48-62
A2. Implementation/Monitoring							
A2.1	The committees and/or units responsible for the implementation of ESG policies and the highest level officials in the partnership related to ESG issues and their duties have been identified and disclosed to the public.	x					Home Page >About Us > Sustainability > Our Organization İşbank Committees, Sustainability Committee, page 144-148
	Activities carried out within the scope of policies by the responsible committe and/ or unit were reported to the board of directors at least once a year.	x					2022 CDP Climate Change Report, page 4-8
A2.2	Creates and discloses implementation and action plans aligned with ESG targets.	x					Our Business Model: İşbank Banking, page 31 Reliable Financial Actor, page 52-101 Responsible Operations, page 102-127 Good Corporate Citizen page 128-189 2022 CDP Climate Change Report, page 48-62 2022 CDP Water Security Report, page 62-65
A2.3	The ESG Key Performance Indicators (KPI) and the level of reaching these indicators on a yearly basis were disclosed to the public.	x					Key Performance Indicators, page 55,77, 89, 106, 115, 131, 185
A2.4	Discloses efforts for improving sustainability performance with respect to work processes or products and services.	x					Responsible Products and Services, page 68-70 Products and Services Contributing to a Green Economy, page 84-87 Home > About Us > Sustainability > Responsible Products and Services > Products and Services Contributing to Society
A3. Reporting							
A3.1	In the annual reports information on the sustainability performance, goals and actions of the partnership is given in an understandable accurate and adequate manner	x					Global Tendencies, Risks, Opportunities and Forecasts, page 23-27 How Do We Create Value? Sustainability at Isbank, page 31-33 Reliable Financial Actor, page 52-101 Responsible Operations, page 102-127 Good Corporate Citizen, page 128-189
A3.2	Provides information about which of the United Naciones (UN) 2030 Sustainable Development Goals its activities are related to	x					Contribution to Sustainable Development Goals, page 50-51
A3.3	Makes disclosures regarding the lawsuits filed and/ or conluded against the company on account of ESG issues, which are material with respect to ESG issues, which are material with respect to ESG policies and/or have material impact on operations	x					https://www.kap.org.tr/en/Bildirim/1012970-1031025-1038508-1053513-1065379-1070878-1102646
A4. Verifications							
A4.1	ESG Key Performance measurements are verified by an independent third party and publicly disclosed.	x					Non-Financial Data Reporting Guide and Independent Assurance Report, page 450-457

		COMPLIANCE STATUS					
		YES	NO	PARTIAL	IRRELEVANT	EXPLANATION	DEFINITION
	B. Environmental Principles						
B1	Discloses its policies and practices, action plans in relation to environmental management systems (known by the ISO 14001 standard) and programs	x					Reducing the negative impacts of our operations, page 104-113 Home > About Us > Sustainability > Our Policies
B2	Publicly discloses the limitations over the reporting scope, reporting period, reporting date, reporting conditions of the environmental reports to be prepared for providing environmental management information.	x					About the Report, page 6-7 Non-Financial Data Reporting Guide and Independent Assurance Report, page 450-457
B3	It's stated in A2.1.	x					
B4	Environmental targets included in scope of performance incentive systems on the basis of stakeholders (such as members of the Board of Director, managers and employees) have been disclosed to the public.	x					2022 CDP Climate Change Report , page 10-11
B5	How the priority environmental issues are integrated into business goals and strategies has been publicly disclosed.	x					How Do We Create Value? Sustainability at İşbank, page 31-33 Global Tendencies, Risks, Opportunities and Forecasts, page 23-27 Reliable Financial Actor, page 52-101 Responsible Operations, page 102-127 Good Corporate Citizen, page 128-189 2022 CDP Climate Change Report , page 35-42
B6	It's stated in A2.4	x					
B7	It has been publicly disclosed how environmental issues are managed and integrated into business objectives and strategies throughout the partnership value chain, including the operational process, including suppliers and customers including suppliers and customers.	x					Responsible Procurement, page 110-112 Home > About Us > Sustainability > Our Policies > Supplier Code of Conduct
B8	Whether relevant organizations and non- governmental organizations on the environment are involved in	x					Initiatives Supported in the Field of Sustainability, Page 47-49 Corporate Memberships, page 437 Home > About Us > Sustainability > Memberships and Initiatives
B9	Periodically reports information about its environmental impacts comparatively in the light of environmental indicators; Greenhouse gas emissions Scope-1(Direct), Scope-2 (Indirect from purchased energy), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity implications)	x					Reducing the negative impacts of our operations, page 104-113 Home > About Us > Sustainability > Memberships and Initiatives
B10	Discloses the standards, protocols, methodology and base year detailsfor collecting and calculating its data	x					Reducing the negative impacts of our operations, page 104-113 Non-Financial Data Reporting Guide and Independent Assurance Report, page 450-457
B11	Discloses the status of environmental indicators for the reporting year in comparison with previous years (increase or decrease)	x					Reducing the negative impacts of our operations, page 104-113 Home > About Us > Sustainability > Responsible Banking > Our Environmental Impact 2022 CDP Climate Change Report , page 69-89
B12	Sets and discloses its short-term and long-term targets for mitigating its environmental impacts. Also provides information about the progress achieved, if applicable, in the reporting period with respect to the targets it has set previously.	x					Reducing the negative impacts of our operations, page 104-113 2022 CDP Climate Change Report , page 48-62
B13	A strategy to combat the climate crisis has been created and the planned actions have been publicly announced.	x					Climate Action, page 76-87 Home > About Us > Sustainability > Responsible Banking > Combating Climate Change 2022 CDP Climate Change Report , page 35-42

COMPLIANCE STATUS							
		YES	NO	PARTIAL	IRRELEVANT	EXPLANATION	DEFINITION
B14	Programs or procedures have been established and disclosed to the public in order to prevent or minimize the potential negative impact of products and/or services on the environment.	x					Climate Action, page 76-87 Home > About Us > Sustainability > Responsible Products and Services > Products Contributing to the Green Economy
	Actions have been taken to reduce greenhouse gas emissions of third parties (e.g. suppliers, subcontractors, dealers, etc.) and these actions have been disclosed to the public.	x					Sustainable Procurement, page 110-112 Home > About Us > Sustainability > Our Policies > Supplier Code of Conduct
B15	The environmental benefits/benefits and cost savings of initiatives and projects aimed at reducing environmental impacts have been disclosed to the public	x					Reducing the negative impacts of our operations, page 104-113
B16	Energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data are publicly disclosed as Scope -1 and Scope -2.)	x					Reducing the negative impacts of our operations, page 104-113 Home > About Us > Sustainability > Responsible Banking > Our Environmental Impact
B17	Public disclosure was made about the electricity, heat, steam and cooling produced in the reporting year.	x					Reducing the negative impacts of our operations, page 104-113 Home > About Us > Sustainability > Responsible Banking > Our Environmental Impact
B18	Studies on increasing the use of renewable energy and the transition to zero or low carbon electricity have been made and publicly announced.	x					Reducing the negative impacts of our operations, page 104-113
B19	Renewable energy production and usage data is publicly disclosed.	x					Reducing the negative impacts of our operations, page 104-113 Home > About Us > Sustainability > Responsible Banking > Our Environmental Impact
B20	Energy efficiency projects have been carried out and the amount of energy consumption and emission reduction achieved through energy efficiency projects has been disclosed to the public.	x					Reducing the negative impacts of our operations, page 104-113 Home > About Us > Sustainability > Responsible Banking > Our Environmental Impact
B21	Water consumption, if any, amounts of water drawn, recycled and discharged from underground or above ground, its sources and procedures have been disclosed to the public.	x					Reducing the negative impacts of our operations, page 104-113 Home > About Us > Sustainability > Responsible Banking > Our Environmental Impact Non-Financial Data Reporting Guide and Independent Assurance Report, page 450-457 2022 CDP Water Security Report , page 36-46
B22	It has been publicly disclosed whether its operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).				x	İşbank's operations or activities are not included in the carbon pricing system. It is known that legal authorities are working on establishing a local carbon trading system. All national and international developments are followed closely and development opportunities are evaluated in this area	
B23	Information on carbon credits accumulated or purchased during the reporting period has been disclosed to the public.		x			İşbank aims to reduce the total Scope-1 and Scope-2 greenhouse gas emissions calculated in accordance with the International GHG Protocol by 38% by 2025, 65% by 2030, and to zero by 2035, and to carry out activities as carbon-neutral as of 2035. As of 2021, İşbank has started to use renewable energy in all of its operational points that can be supplied, and has already reached its targets for 2025 and 2030. İşbank primarily carries out focused efforts to reduce its direct and indirect emissions, and in the following periods, it will also be able to consider the purchase of carbon credits in order to zero the emissions.	

COMPLIANCE STATUS							
		YES	NO	PARTIAL	IRRELEVANT	EXPLANATION	DEFINITION
B24	Discloses the details if carbon pricing is applied within the Company		x			At this stage, there is no carbon pricing practice in our bank. On the other hand, all activities of our Bank are in a continuous development with the ESG focus, and the implementation of the carbon pricing practice will be evaluated in the following period.	
B25	The platforms where the partnership discloses its environmental information are publicly disclosed.	x					Initiatives Supported in the Field of Sustainability, page 47-49 2022 CDP Climate Change Report 2022 CDP Water Security Report Our Environmental Impact Türkiye İş Bankası (isbank.com.tr)
C. Social Principles							
C1. Human Rights and Employee Rights							
C1.1	Forms a Human Rights and Employee Rights Policy with a commitment to fully comply with the Universal Declaration of Human Rights, ILO Conventions which Turkey has confirmed and the legal framework and regulations governing the operation of corporate life in Turkey. Discloses the policy in question and the roles and responsibilities associated with its implementation.	x					Home > About Us > Sustainability > Our Policies > Human Rights And Human Resources Policy
C1.2	Incorporates equitable workforce, improvement of working standards, women's employment and inclusion (Xt discriminating on the basis of gender, race, religion, language, marital status, ethnicity, sexual orientation, gender identity, family responsibilities, union activities, political affiliation, disabilities, social and cultural differences, etc.) in its policy concerning employee rights, while looking out for the effects of supply and value chain.	x					Home > About Us > Sustainability > Our Policies > Human Rights And Human Resources Policy Home > About Us > Sustainability > Our Policies > Supplier Code Of Conduct Home > About Us > Sustainability > Our Policies > Gender Equality Policy
C1.3	Describes the measures taken throughout the value chain for the protection of groups sensitive to certain ecoXmic, environmental, social factors (low-income groups, women, etc.) or securing miXrity rights / equal opportunities.	x					Home > About Us > Sustainability > Our Policies > Supplier Code Of Conduct Sustainable Procurement, page 110-112 Financial Inclusion, page 72-75 Equal Opportunity and Diversity, page 123-127
C1.4	Reports developments regarding discrimination, inequality, human rights violations, forced labor and corrective practices. Explain the regulations to prevent child labor.	x					Equal Opportunity and Diversity ve Gender Equality, page 123-127 GRI Content Index, page 458-461
C1.5	Explains policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work / life balance solutions and talent management. Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution. It regularly explains the activities carried out to ensure employee satisfaction.	x					Decent Work, page 114-127 Home > About Us > Investor Relations > Corporate Governance > Remuneration Policy Home > About Us > Investor Relations > Corporate Governance > Ethical Principles and Code of Conduct
	Determines the dispute resolution processes by establishing mechanisms for employee complaints and resolution processes.	x					Compliance with Operating Principles, page 124 Home > About Us > Investor Relations > Corporate Governance > Ethical Principles and Code of Conduct
	Explains the activities to ensure employee satisfaction within the reporting period.	x					Decent work, page 114-127

COMPLIANCE STATUS						
		YES	NO	PARTIAL	IRRELEVANT	EXPLANATION
C1.6	Establishes and discloses occupational health and safety policies.	x				Home > About Us > Sustainability > Our Policies > Occupational Health and Safety Policy
	Discloses the measures taken to prevent workplace accidents and for protecting occupational health along with statistical data on accidents.	x				Employee Health and Safety, page 125 Human Resources Data, page 443
C1.7	Establishes and discloses personal data protection and data security policies.	x				Home > Privacy Policy Home > About Us > Investor Relations > Corporate Governance > Personal Data Protection Policy
C1.8	Establishes and discloses a code of ethics.	x				Home > About Us > Investor Relations > Corporate Governance > Ethical Principles and Code of Conduct
C1.9	Explains the work within the scope of social investment, social responsibility, financial inclusion and access to finance.	x				Contribution to Social Welfare, page 184-189 Financial Inclusion, page 72-75
C1.10	Organizes information meetings and training programs on ESG policies and practices for employees.	x				Talent Management, page 126-127 Equal Opportunity and Diversity ve Gender Equality page 123-127 Human Resources data, page 443
C2. Stakeholders, International Standards and Initiatives						
C2.1	Establishes and discloses a customer satisfaction policy for management and resolution of customer complaints.	x				https://www.isbank.com.tr/en/contact-us https://www.isbank.com.tr/en/contact-form https://www.isbank.com.tr/iletisim-formu-takip Client Oriented, page 65-67
C2.2	Information about the communication with stakeholders (which stakeholder, subject and frequency) is publicly disclosed.	x				Stakeholders, page 35-37
C2.3	Explains the international reporting standards adopted in its reporting.	x				About the Report, page 6-7 Initiatives Supported in the Field of Sustainability, page 47-49 2022 CDP Climate Change Report , page 3, 18-22
C2.4	Discloses the principles adopted regarding sustainability, international organizations, committees and principles that it is a signatory or member of.	x				Initiatives Supported in the Field of Sustainability, page 47-49 Sustainability Priorities, page 46
C2.5	Makes improvements and conducted studies in order to to qualify for inclusion in sustainability indices of Borsa İstanbul and/or international index providers.	x				Initiatives Supported in the Field of Sustainability, page 47-49
D. Corporate Governance Principles						
D1	Seeks stakeholders’ opinions while determining the measures and strategies related with sustainability.	x				How Do We Create Value? Sustainability in İşbank, page 31-33 Transparent and Ethical Management, page 130-183 2022 CDP Climate Change Report
D2	Implications on raising the awareness of sustainability and its importance through conducting social responsibility projects, awareness activities and training programs.	x				Contribution to Social Welfare, page 184-189

Dividend Distribution Policy

The principles regarding the Bank’s dividend distribution are regulated in Article 58 of the Articles of Incorporation. According to this:

“After deducting all general expenses from the income arising from the operations of the Bank within a year, including premiums, bonuses and similar payments to the personnel of the Bank, and funds for all kinds of depreciations, as well as necessary provisions, the net profit obtained shall partly be set aside as reserve fund and partly distributed in the order, manner, and at the rates indicated below.

- a)
- 1- 5% to legal reserve fund,

2- 5% as provision for probable future losses,

3- 10% as first extraordinary reserve fund.

If the cause for the setting aside of a provision and fund for a probable future loss and/or risk no longer exists, the remainder of these accounts added to the net profit after the allocation made in subparagraph (a) shall be added to the first contingency reserve fund in section (a/3).

b) An amount equal to 6% of the paid-in capital represented by Group A, B, and C shares shall be distributed to shareholders as the “first dividend” from the amount remaining after the reserves mentioned in paragraph (a) above are set aside from the net profit. Should the profit realized in any year be insufficient to provide for the first dividend of 6% referred to above, the balance shall be allocated and distributed from the extraordinary reserve fund. However, the amount allocated from the reserve fund in this way shall constitute a debt that must be allocated from the net profit of subsequent years.

c) After the reserved fund referred to in paragraph (a) and the first dividend referred to in paragraph (b) above, the balance shall be distributed as follows:

10% to the founder shares (limited to the portion of TL 250 thousand –two hundred and fifty thousand– of paid-in capital)

20% to the employees of the Bank, and

10% shall be set aside as the second extraordinary reserve fund.

d) After the amounts set forth in paragraphs (a), (b) and (c) have been set aside and distributed, the balance remaining by considering paragraph (e) shall be distributed to the shareholders as a “second dividend” in the manner stated below.

1- The net total of the dividends to be distributed to the holders of Group A shares as first and second dividends under paragraphs (b) and (d) may not exceed 60% of the capital paid up by them, the net total of the dividends to be distributed to holders of Group B shares may not exceed 30% of the capital paid up by them, and the net total of the dividends to be distributed to holders of Group C shares may not exceed 25% of the capital paid up by them.

2- After the amounts set forth in paragraphs (a), (b) and (c) have been set aside and distributed, should the balance be insufficient to distribute the second dividend in the manner specified by the paragraph (1) above, total dividends to be paid to the three Groups of shares shall be calculated separately in the distribution of the second dividend by considering twice the amount of the paid-in capital represented by Group A shares, the full amount of the paid-in capital represented by Group B shares, and 5/6 (five-sixths) of the amount of paid-in capital represented by Group C shares.

e) The amount that needs to be added to the statutory reserve under paragraph 2/c of Article 519 of the Turkish Commercial Code shall be set aside.

f) The General Assembly shall, upon proposal of the Board of Directors, decide whether the balance remaining after the distribution and allocation of the net profit as specified above shall be transferred to the extraordinary reserve funds, carried over to the following year, or up to 80% of such balance be distributed in net to the shareholders by dividing the same by the number of shares and the remaining balance be transferred to the extraordinary reserve funds or carried over to the following year. In the calculation of the dividends to be paid to all three Groups of shares; Group A shares will be considered as 40 times the share quantity, Group B shares will be considered as 1.5 times of the share quantity, and Group C shares will be considered as the same quantity due to the reason that 20 shares each with a nominal value of TL 500 (this amount is related to the period prior to the Law No. 5083 regarding the Monetary Unit of the Turkish Republic on which the rate of change has not been applied) have been changed with shares with a nominal value of 1 Kurus."

The dividends are distributed within the scope of the related legislation in a manner and at a time determined by the General Assembly.

Summary Report of the Board of Directors

Esteemed Shareholders,

Welcome to our Bank's 99th Ordinary General Assembly Meeting.

As we present the Board of Directors' Report, the Balance Sheet and the Income Statement covering the results of our activities in fiscal year 2022 for your review and approval, we respectfully greet all of you here today.

In 2022, the risks and uncertainties caused by the Russia-Ukraine war, as well as the commercial and financial sanctions imposed on Russia, have been the main risk factors for the world economy, especially for European countries. While disruptions in supply chains for basic needs such as energy and food due to the war increased global inflationary pressures, the rapid tightening of monetary policies across the world caused economic activity to lose momentum.

In 2022, the Turkish economy grew by 5.6% on the back of high consumption expenditures and moderate contributions from exports and investments. On the other hand, the rise in global commodity prices, particularly energy, caused the current account deficit to widen and inflationary pressures to increase despite the rapid recovery in tourism revenues.

While the banking sector continued to support economic activity in 2022, it maintained its strong outlook. The volume of Turkish Lira loans, including loans to the financial sector, increased by 77.5% on an annual basis, reaching TL 4,749.6 billion as of December 30, 2022. In the same period, the volume of FX loans fell to USD 125.9 billion with a decrease of 15.7%. Accordingly, the total loan volume expanded at a rate of 52.8% as of December 30, 2022 and reached TL 7,100 billion. According to the exchange rate adjusted data, the total loan volume expanded by 38% in this period.

As of December 30, 2022, according to the Weekly Bulletin data published by the Banking Regulation and Supervision Agency, the volume of TL deposits including deposits of banks increased by 145.7% and reached TL 4,468 billion compared to the same period in 2021 with the support of the FX-protected deposit accounts. The volume of FX deposits in USD terms decreased by 12.5% in this period and was realized as USD 208.4 billion. Thus, as of December 30, 2022, the total deposit volume increased by 68.4% compared to the same period of the previous year and reached TL 8,360 billion. According to the exchange rate adjusted data, the annual increase in total deposit volume was 45.4%.

As of 31.12.2022, compared to the end of the previous year,

- The amount of our loans reached TL 759.3 billion with a 53.9% increase,
- The amount of our deposits reached TL 931.1 billion with a 56.3% increase,
- Our total assets reached TL 1,408.3 billion with a 52.0% increase,
- Our equity reached TL 191.4 billion with a 120.4% increase

.Thanks to its stable growth policy and effective risk management practices in loan allocation processes, our Bank achieved an NPL ratio of 3.0% at the end of 2022. At the same time, İşbank maintained its leadership among private banks in terms of the total amount of deposits in 2022 and continued to make use of non-deposit funding sources in domestic and foreign markets in order to diversify funding sources and extend the maturity structure of its liabilities by taking funding costs into consideration.

The Bank preserved its strong capital structure throughout the year, with a capital adequacy ratio of 24.4%, well above the regulatory limit, as of year-end 2022. The Bank achieved a net profit of TL 61.5 billion in 2022 with a return on average equity and return on average assets of 46.8% and 5.3%, respectively.

Our Esteemed Shareholders,

We hereby submit our Annual Report, Balance Sheet and Income Statement pertaining to our activities during 2022 for your review and approval. We would like to take this opportunity to express our gratitude to our stakeholders for their steadfast trust in our Bank, to the institutions of the Republic of Türkiye for their support, and to our employees for their dedicated efforts. We extend our respects to you, our valued shareholders, for having honored this General Meeting with your attendance.

İŞBANK BOARD OF DIRECTORS

Ordinary General Assembly Meeting:

As per the resolution of the Board of Directors of İşbank, the Ordinary General Assembly Meeting of the Bank will be held on Thursday, 30 March 2023, at 14:00 at the İş Towers Head Office Auditorium, 34330 Levent/İstanbul.

Agenda of the Ordinary General Assembly

1. Opening Ceremony, establishment of the Council of Chairmanship
2. Discussion of 2022 Annual Report of the Board of Directors, Financial Statements, the Independent Auditors' Reports and ratification of the Annual Report of the Board of Directors and Financial Statements
3. Discharge of the Board of Directors from their responsibilities for the transactions and accounts of the year 2022
4. Determination of the method and date of allotment of dividends which is permitted to be distributed in cash by the BRSA based on our Bank's application.
5. Determination of the allowance for the members of the Board of Directors
6. Election of the Members of the Board of Directors whose term of office has expired and the determination of their term of office
7. Selection of the Independent Audit Company
8. Permitting the Members of the Board of Directors as per articles 395 and 396 of the Turkish Commercial Code
9. Amendment of the article 5 of the Articles of Incorporation regarding increase of the maximum level of registered capital and the extension of the permission period of the maximum level of registered capital
10. Submitting the amount of donations and aids made regarding earthquake to the information and approval of the shareholders
11. Presenting information to the shareholders about the donations
12. Presenting information to the shareholders on the subjects held in Capital Markets Board Corporate Governance Communique principle no. 1.3.6
13. Presenting information about the buyback transactions executed in 2023 as per the resolution of the Board of Directors
14. Presenting information about our bank's decarbonization plan

Profit Distribution Proposal

As a result of our activities in 2022, our Bank's net profit for the period was TL 61,537,880,372.57, and the prior years' profit was TL 165,466,370.28 within the framework of various legislation.

In addition, as a portion of the net profit for the reporting year is distributed to the Bank's employees pursuant to Article 58 of the Bank's Articles of Incorporation, we have an amount of TL 3,093,000,000.00 set aside within 2022 for dividends to be distributed to the Bank's employees within the framework of the TMS 19 - Employee Benefits accounting standard by taking into consideration our dividend distribution policy, prior practices and the applicable legislation.

Accordingly, it is proposed as follows:

- the accounting profit making the basis of the distribution be determined as TL 61,703,346,742.85 by adding the prior years' profit of TL 165,466,370.28 to the net profit for the period,
- out of the accounting profit, the portion in the amount of TL 204,246,783.98 arising from the earnings on disposal of real estates and shares be transferred to relevant reserves to be maintained in a specific fund account and for conversion into capital when needed; and the portion of TL 272,095,016.00 be set aside as a venture capital fund to be allocated to venture capital investment trusts and funds, so as to include the allocation of TL 988,973.00 venture capital investment related to R&D discount, and be subject to deduction in the corporate tax base in accordance with the relevant legislation,
- the portion in the amount of TL 3,093,000,000.00, which was set aside for dividends to be distributed to the Bank's employees, be added to the distributable amount,
- based on the distributable amount so formed, 10% thereof that needs to be set aside as first extraordinary reserves be increased within the frame of the provisions of the Banking Law and the Turkish Commercial Code and a total of TL 25,926,568,681.74 be set aside as first extraordinary reserves, and the distributable amount of TL 64,320,004,942.87, which includes the first extraordinary reserves mentioned above, be distributed as follows pursuant to the provisions of applicable legislation and Article 58 of the Articles of Incorporation of İşbank,
- the remaining amount of TL 1,009,596,232.20 after distribution be set aside as extraordinary reserves.

	TL	
PROFIT FOR THE PERIOD		61,537,880,372.57
PRIOR YEARS' PROFIT		165,466,370.28
NET ACCOUNTING PROFIT		61,703,346,742.85
NON-DISTRIBUTABLE PROFIT		- 476,341,799.98
ADDED TO DISTRIBUTION		3,093,000,000.00
DISTRIBUTABLE PROFIT		64,320,004,942.87
I. FIRST DISTRIBUTION		
(Articles of Incorporation Art. 58/a-b)		
- 5% Legal Reserves	3,216,000,247.14	
- First Extraordinary Reserves	45,043,201,118.96	
- First Dividends		
To Group A Shares	60.00	
To Group B Shares	1,740.00	
To Group C Shares	599,998,200.00	48,859,201,366.10
		15,460,803,576.77
II. SECOND DISTRIBUTION		
(Articles of Incorporation Art. 58/c-d-e)		
- To Founder Shares	38,652.01	
- 20% to Bank Employees	3,092,160,715.35	
- 10% Legal Reserves	509,220,116.74	
- 10% Second Extraordinary Reserves	1,546,080,357.68	
- Second Dividends		
To Group A Shares	540.00	
To Group B Shares	6,960.00	
To Group C Shares	1,899,994,300.00	7,047,501,641.78
		8,413,301,934.99
III. THIRD DISTRIBUTION		
(Articles of Incorporation Art. 58/f)		
- Third Dividends		
To Group A Shares	107,686.99	
To Group B Shares	117,109.60	
To Group C Shares	6,730,416,751.40	
- 10% Legal Reserves	673,064,154.80	7,403,705,702.79
		1,009,596,232.20

Provided that the above proposal is accepted by the General Assembly, dividend payout to the Bank's shareholders will commence on 03.04.2023, and gross profit shares shown in the table below, will be distributed to each share group with a nominal value of TL 1 and to each founder share:

Type of Share	Gross TL
To Group A shares with a nominal value of TL 1	108.2869900
To Group B shares with a nominal value of TL 1	4.3382621
To Group C shares with a nominal value of TL 1	0.9230437
To each Founder Share	15.7249837

Related Capital Elements



Material Topics

- Contribution to social welfare

Contribution to Social Welfare

İşbank aims to use the added value it creates for the benefit of society via social responsibility activities that consider community needs and have a long-term and lasting impact; accordingly, the Bank has been implementing projects in the fields of

EDUCATION AND ENVIRONMENT, AS WELL AS CULTURE AND ARTS

since its foundation. The Bank’s social investment programs are carried out under the Corporate Social Responsibility Committee reporting to the Board of Directors. Effective stakeholder participation in social responsibility projects is ensured through collaborations with different stakeholder groups, particularly non-governmental organizations.

Risks

- Loss of reputation
- Reduced brand awareness among younger generations

Opportunities

- Being a trusted bank in the eyes of stakeholders and society with projects developed in line with society’s needs
- Projects aligned with the UN Sustainable Development Goals
- Direct communication with customers thanks to increased financial literacy
- Contribution to corporate reputation

Contributed SDG’s



Key Performance Indicators

	2018	2019	2020	2021	2022
Contribution to equal opportunities in education: 81 Students from 81 Cities	Including graduates, the number of students is close to 700.	With 54 students who graduated in 2019, the number of students is nearly 750.	In 2020, the total number of graduates reached 231.	In 2021, the total number of graduates reached 296.	In 2022, the total number of graduates reached 361.
Supporting the upbringing of generations who read and question, and supporting the cognitive and cultural development of children: The number of books donated within the “Show Your Report Card, Get Your Book” Campaign	With the 11th campaign, a total of 13 million books have been donated to primary school students to date.	With the 12th campaign, a total of 14 million books have been donated to primary school students to date.	The 13th campaign was transferred to digital format within the framework of COVID-19 measures and 4 electronic books were donated.	The 14th campaign was held as a hybrid campaign within the framework of COVID-19 measures. In addition to the 3 electronic books donated, 1 book was also printed in a limited number.	Within the scope of the 15th campaign, 500,000 printed copies of the book “The Adventures of Sherlock Holmes” were presented to students, and the book “The Secret Garden” was also presented to children digitally via the kumbaradergisi.com portal.
Supporting the upbringing of generations who read and question, and supporting the cognitive and cultural development of children: Number of books donated to schools and libraries	More than 52 thousand books were sent to 2,844 schools and libraries.	More than 58 thousand books were sent to 3,116 schools and libraries.	Due to COVID-19, more than 22 thousand books were sent to more than 1,200 schools and libraries.	The number of books sent to schools reached 31,615 books which were distributed to 1,734 schools as of year-end 2021.	The number of books sent to schools reached 56,000 books which were distributed to 2,167 schools as of year-end 2022.

Targets

2022 Targets	Realization in 2022	Realization	Targets for 2023 and Beyond
Continuing the campaign in a hybrid model in Show Your Report Card, Get Your Book, within the COVID-19 measures	For the first time, printed books were sent to all Bank branches and museums in Türkiye and the TRNC.	✓	Our campaign will continue both in print and online.
Continuing the "81 Students from 81 Cities" project designed for Darüşşafaka students and undergraduate scholarship recipients	The total number of graduates reached 361.	✓	The project is still ongoing.

Projects in the Education Field

İşbank understands the importance of education in achieving and preserving social development and carries out inclusive long-term projects in the field of education. The Bank's purpose is to contribute to the education of new generations who embrace the principles of Atatürk and will move our nation up among the ranks of modern societies.

Chess

İşbank contributes to chess education to make it a popular and easily accessible sport. The Bank became the main sponsor of the Turkish Chess Federation (TCF) in 2005 to help transform chess into a popular sport across the country.

İşbank Chess Classes

Chess classes are set up in primary and secondary schools to encourage children to play chess, draw the attention of teachers and parents to this sport and eliminate the lack of equipment in schools with limited resources. As of 2022, the total number of chess classes opened in schools reached 30,000.

The Northern Cyprus Chess Federation

In addition to being the main sponsor of TSF, İşbank has also been a sponsor of the Northern Cyprus Chess Federation since 2013. After the sponsorship, chess started to take place as a club activity once a week in primary schools in the Turkish Republic of Northern Cyprus (TRNC). All schools in the TRNC have a chess class.

Türkiye Junior and Stars Chess Championship

The "Turkish Junior and Junior Chess Championships" held in Antalya every year in January were held in Antalya between January 22 and 29. In 2022 Türkiye Junior and Junior Chess Championships, 1,410 for the age group of 7-12, 13-18 for the Turkish Junior Chess Championship A total of 2,034 athletes, 624 of whom were in the age range, were registered. Athletes who ranked in every age category were entitled to represent Türkiye in international tournaments and to enter the National Team Pool.

School Sports Chess Tournament

School Sports Chess Local Competitions were held between November 4, 2021 and March 4, 2022, and Group Competitions were held between April 18-22, 2022. The final of the 2022 School Sports Chess Türkiye Tournament was held at the Sivas Taha Akgül Indoor Sports Hall between April 25-29, 2022.

81 Students from 81 Cities

With the mission of "equal opportunity in education", Darüşşafaka offers children who have lost their mother and/or father and who have insufficient financial means a quality education under modern conditions from fifth grade to the last year of high school with full scholarship and boarding.

With the "81 Students from 81 Cities" project initiated in the 2008-2009 academic year in cooperation with Darüşşafaka, İşbank implemented one of the most comprehensive and long-term projects in the field of education in the country. The education expenses of all students included in the program within the scope of the project are covered by İşbank. Within the scope of the project, at the end of the 2020-2021 academic year, 65 students graduated from the school in this 13th term, and the total number of graduates reached 296. In 2022, the total number of graduates reached 361.

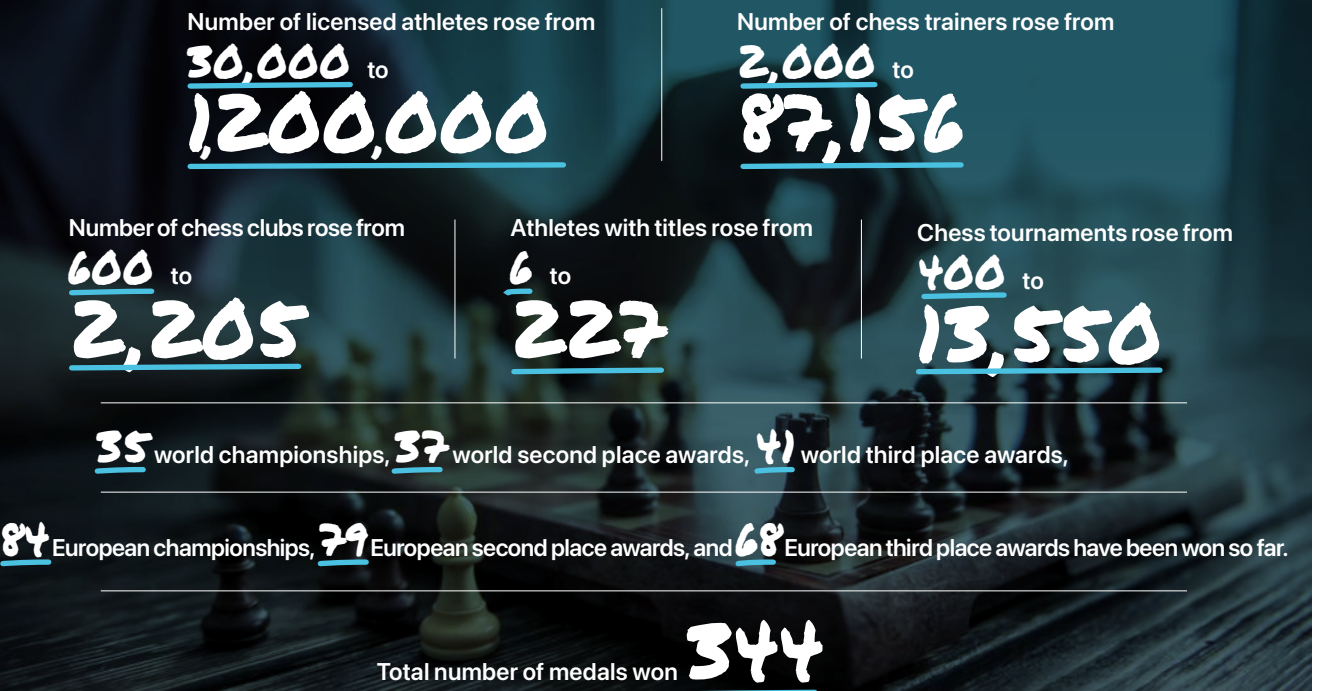
İşbank continues to support students who graduated from Darüşşafaka and passed the university entrance exam under the 81 Students from 81 Cities Project. In addition, within the scope of Koç University's "Anadolu Scholarship Holders" program, the education expenses of a certain number of students who graduate from Darüşşafaka each year are covered by İşbank. The total number of students, including the graduates, is approximately 750.

Show Your Report Card, Get Your Book

"Show Your Report Card, Get Your Book", one of the biggest book campaigns in Türkiye carried out to date, was launched by İşbank at the end of the 2007-2008 academic year.

The campaign was intended to support the development of children's cognitive and cultural abilities, support the bringing up of a generation who reads and questions, and contribute to cordial communication between İşbank and children at an early age.

Turkish Chess Federation Main Sponsorship Following the Turkish Chess Federation Main Sponsorship of İşbank;



At the end of the 2021-2022 academic year, within the scope of the 15th campaign, printed copies of the book "The Adventures of Sherlock Holmes" were presented to students, and the book "The Secret Garden" was also presented to children digitally via the kumbaradergisi.com portal. The digital books were enriched with illustrations and animations. The books were sent to all Bank branches and museums in Türkiye and the TRNC.

In addition, a limited number of books were printed in the Braille alphabet and sent to schools providing education for the visually impaired. For children in regional boarding schools, affection houses, closed youth prisons and juvenile reformatories, a selection of the works published by İş Bankası Kültür Yaayınları and other children's books were provided within the scope of the campaign.

Book Donation to Schools and Libraries

As part of our social responsibility efforts in the field of contribution to education, books published by İşbank's Cultural Publications are sent to schools and public libraries throughout Türkiye. In 2022, 56 thousand books were delivered to 2,167 schools and libraries.

Kumbara Magazine

The magazines "Kumbara" and "Mini Kumbara", which are prepared with two separate types of content for 3-6 and 7-14 age groups to provide high-quality, instructional and entertaining content to children, are published digitally. The interface of Kumbara Magazine, the main channel of the Show Your Report Card, Get Your Book campaign, has recently been updated, and the content frequency has been increased. The magazine provides children with plenty of entertaining and instructive content in areas such as science, life, chess, culture and art.

🔍 Golden Youth Award

Every year since 1971, students who are successful in the university entrance exam are rewarded with the "Golden Youth" award by İşbank. The number of students who have been awarded so far has exceeded 3,700.

🔍 Artificial Intelligence Application and Research Center

The "Artificial Intelligence Application and Research Center" was established in cooperation with İşbank and Koç University in order to contribute to the scientific and academic activities of our country and to carry out advanced studies in the field of artificial intelligence, which is of great importance worldwide. In the Artificial Intelligence Center established under the roof of Koç University Faculty of Engineering, Koç University faculty members train experts for industry and academia, as well as work to solve the problems of the business world.

🔍 Infectious Diseases Application and Research Center

During the COVID-19 pandemic, which affected the world and our country, İşbank and Koç University entered into an important cooperation and pioneered the establishment of the "Infectious Diseases Application and Research Center" in order to contribute to the scientific and academic activities of our country in the field of public health.

Established within Koç University with the support of İşbank, the center is intended to contribute to the scientific activities of our country in the field of public health, conduct research on infectious diseases, provide diagnosis and treatment solutions for diseases and develop prevention methods. The center, which undertakes coordinated projects among the Faculty of Medicine, Engineering, Science, Economics and Administrative Sciences and Humanities Faculties within Koç University, carries out its activities at the Koç University Hospital in Topkapı.

Projects in the Environmental Field

İşbank develops various projects in cooperation with non-governmental organizations to create a better world to live in, draw attention to environmental problems associated with deforestation, and ensure the development of environmental awareness in society, especially among children.

🔍 The World is Ours, The Future is Ours

İşbank carries out various projects under the theme "The World is Ours, The Future is Ours" with its efforts in the field of sustainability, which is one of its strategic priorities. In this context, the Bank sponsored the

Marmara Sea 2022 Symposium, organized for the 3rd time by the Turkish Marine Research Foundation and the documentary Bir Umut Marmara (Marmara, A Hope) prepared by Savaş Karakaş to create and raise public awareness and produce solutions against mucilage and its impacts; it purchased an unmanned underwater glider (Sea Explorer), which will be used for the first time in Türkiye, to support the marine studies of the entire academia and scientific world under the leadership of METU Institute of Marine Sciences.

🔍 Nature Education Programs

TEMA Foundation's Nature Education Programs are supported with the revenues obtained from the İş Asset Management TEMA Variable Fund - Türkiye's first environmental fund offered by İşbank and its subsidiary İş Portföy.

"Nature Education Programs", which are defined as "Mini TEMA" for preschool children and "Junior TEMA" for elementary school-age children, are ecological literacy trainings prepared by the TEMA Foundation for children to spend time in nature, and observe and discover nature by feeling, touching, smelling and hearing.

A total of 455,188 children were reached, 189,195 children within the scope of the Mini TEMA Nature Education Program and 265,993 children within the scope of the Junior TEMA Nature Education Program, which were launched in the 2019-2020 Academic Year and have continued with educational activities in schools for three academic years.

🔍 Tema Foundation Collaboration

Based on an agreement entered into with the Tema Foundation, the Tema Foundation undertakes to plant one sapling for every 100 kg of paper donated by İşbank. Within this scope, a total of 341,532✓ kg of paper was donated for the period March 2020 - August 2022, and 3,415✓ saplings were planted during this period.

Projects in the Culture and Art Field

İşbank makes contributions to enrich the country's cultural and artistic life and to bring works from the world's cultural and creative scene to the country. In addition, the Bank supports projects aimed at unearthing the country's archaeological heritage, introducing it to new generations, and preserving it for the future.

🔍 İş Kültür Yayınları

Quality publishing, contribution to the development of the Turkish language and helping children develop the habit of reading at an early age are the main principles of İşbank Cultural Publications. Within this context, more than 19 million books were presented to readers in 2022.

🔍 İş Sanat

İş Sanat conducts long-term, broad-reaching, and sustainable activities on behalf of İşbank in cultural fields, particularly art, museology, archaeology, and history, in order to support our country's cultural development and to enrich the accumulation of knowledge in culture and art by offering opportunities for the public to interact with art.

🔍 Performing Arts

In 2022, İş Sanat continued its activities in the field of performing arts with a hybrid approach using physical and digital platforms. Many events featuring local and international artists from various branches of the performing arts, such as classical music concerts, local projects, story and poetry recitals, and theater plays, were presented to audiences at different venues, particularly at İş Towers Hall. Events were organized outdoors in Istanbul, Ankara and Izmir with "Friday After Work", in Bodrum Zai with "Wednesday Stage", in various ancient cities with "Ancient Stage", and on the YouTube channel.

🔍 Art Galleries

Beril Anılanmert, Mahmut Celayir, and Yalçın Gökçebağ exhibitions were organized at Kibele Art Gallery in the 2021-2022 season. The 2022-2023 season opened with Mustafa Pilevneli's exhibition "60 Years in Blues" and continues with Saim Bugay's exhibition "Heykelin Sözü".

In the 2021-2022 season, Soner Genç, Habip Aydoğdu, and Nevhiz Tanyeli exhibitions were organized at the Ankara Art Gallery. Beril Anılanmert's "Seyir Defteri" exhibition opened the 2022-2023 gallery season.

🔍 Contributions in the Field of Archaeology

Archaeological studies are supported to unearth and preserve Türkiye's rich archaeological heritage and to shed light on the history of civilization through scientific studies. As of 2022, the archaeological activities supported are presented below.

- Zeugma Ancient City - House of Muses in Nizip - Gaziantep
- Patara Ancient City in Kaş - Antalya
- Teos Ancient City in Seferihisar - Izmir
- Nysa Ancient City in Sultanhisar - Aydın
- Stratonikeia Ancient City in Yatağan - Muğla, and
- Yesemek Hittite Statue Workshop and Survey Research in İslahiye - Nurdagi

Also in 2022, in archaeological publications, the book "Nysa: The City with Two Sides" was prepared under the editorship of excavation head Assoc. Prof. Serdar Hakan Öztaner. Activities such as podcasts, videos, interviews, etc. are carried out to strengthen cultural heritage awareness in our country.

Museology and Institutional History Studies

🔍 İşbank Museum (Eminönü, Istanbul)

Since opening its doors in November 2007, İşbank Museum has been telling and presenting the long-established corporate history of the Bank as well as the economic development of Türkiye through banking equipment, documents, communication tools, photographs, advertising-promotional materials and films.

The number of visitors in 2022 reached 304,913, while the total number of visitors since the opening of the Museum reached 2,165,558. The Museum also continues to host its visitors with temporary exhibitions.

- The İstiklal Exhibition, which was originally opened within İşbank Museum in 2019, was expanded with Izmir-specific additions, and "Büyük Zaferin 100. Yılına Doğru İstiklal Sergisi (İstiklal Exhibition Towards the 100th Anniversary of the Great Victory)" re-opened for visitors at Izmir Kültürpark Atlas Pavilion on August 30, 2021. The exhibition remained open until September 9, 2022, the 100th anniversary of the liberation of Izmir, and was visited by 111,112 people.
- On October 28, 2021, the exhibition titled "Bir Asrın Ardından / Cepheler, İnsanlar ve Büyük Zafer" (After a Century / Fronts, People, and the Great Victory) was opened at the museum. The exhibition was visited by 328,575 people from its opening date until the end of 2022.

Workshops for schools, which were suspended due to the pandemic, were resumed in 2022. In 2022, 5,868 students were hosted in workshops organized under different topics.

🔍 İşbank Museum of Economic Independence (Ulus, Ankara)

İşbank transformed its historical building in Ulus, Ankara, which had served for many years as the Bank's third Head Office building, into a museum in order to share with the public its experience, which is of great importance in terms of national economic history. The historical Ulus building, one of the capital's landmarks, was opened to visitors in 2019 as the "İşbank Museum of Economic Independence" to host the documents and memories of the country's economic independence and development process.

The number of visitors reached 87,620 in 2022, while the total number of visitors reached 193,388. 6,036 students participated in the workshops.

🔍 İşbank Painting and Sculpture Museum (Beyoğlu, Istanbul)

The restoration and construction works that began in 2020 to transform the historic building in Beyoğlu into a museum continued in 2022. The preparatory work of the Museum, which is planned to be opened to visitors in the autumn of 2023, is being carried out in cooperation with the founding curator Prof. Dr. Gül İrepoğlu, plastic arts consultant Prof. Rahmi Aksungur, and museological consultant Burçak Madran.

Türkiye İş Bankası Anonim Şirketi

Unconsolidated Financial Statements

As at and For the Year Ended

December 31, 2022

With Independent Auditor's Report Thereon

This report includes "Independent Auditor's Report" comprising 6 pages and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 119 pages.

(Convenience Translation of Unconsolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

Independent Auditor's Report

To the General Assembly of Türkiye İş Bankası Anonim Şirketi:

Audit of Unconsolidated Financial Statements

Qualified Opinion

We have audited the accompanying unconsolidated financial statements of Türkiye İş Bankası A.Ş. (the Bank), which comprise the statement of balance sheet as at December 31, 2022, and the unconsolidated statement of income, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements.

In our opinion, except for the effects of the matter on the unconsolidated financial statements described in the Basis of for Qualified Opinion paragraph, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Türkiye İş Bankası A.Ş. as at December 31, 2022 and unconsolidated financial performance and unconsolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

Basis of Qualified Opinion

As explained in Section Five Part II-i.4.5 and IV.f, the accompanying unconsolidated financial statements as at December 31, 2022 include a free provision at an amount of TL 8,475,000 thousands of which TL 4,075,000 thousands was provided in prior years and TL 4,400,000 thousands provided in the current period by the Bank management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of "Turkish Accounting Standard" (TAS) 37 "Provisions, Contingent Liabilities and Contingent Assets".

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 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 qualified 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. Key audit 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. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor’s Report

Key Audit Matter	How the Key Audit Matter is addressed in our audit
Financial impact of TFRS 9 “Financial Instruments” standard and impairment on financial assets and related important disclosures	
As presented in Section III disclosure VIII, the Bank recognizes expected credit losses of financial assets in accordance with TFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since: • Amount of on and off-balance sheet items that are subject to expected credit loss calculation is material to the financial statements. • There are complex and comprehensive requirements of TFRS 9. • The classification of the financial assets is based on the Bank’s business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Bank uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments. • Policies implemented by the Bank management include compliance risk to the regulations and other practices. • Processes of TFRS 9 are advanced and complex. • Judgements and estimates used in expected credit loss, complex and comprehensive. • Disclosure requirements of TFRS 9 are comprehensive and complex.	Our audit procedures included among others include: • Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Bank’s past experience, local and global practices. • Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists. • Evaluation of the reasonableness and appropriateness of key judgments and estimates determined by management and the methods, judgments, and data sources used in calculating expected loss, taking into account the standard requirements, industry and global practices. • Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Bank’s Business model. • Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Bank’s past performance, regulations, and other processes that has forward looking estimations. • Assessing the completeness and the accuracy of the data used for expected credit loss calculation. • Testing the mathematical accuracy of expected credit loss calculation on sample basis. • Evaluating the judgments and estimates used for the individually assessed financial assets. • Evaluating the necessity and accuracy of the updates made or required updates after the modeling process • Auditing of TFRS 9 disclosures.

Independent Auditor’s Report

Pension Fund Obligations	
Employees of the Bank are members of “Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı”, (“the Fund”), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. As disclosed in the “Section Three Note XVII” to the financial statements, Banks will transfer their pension fund to the Social Security Institution and the authority of the “Council of Ministers” on the determination of the mentioned transfer date is changed as “President” in the Decree Law No. 703 published in the Official Gazette numbered 30473 and dated July 9, 2018. According to the technical balance sheet report as of 31 December 2022 prepared considering the related articles of the Law regarding the transferrable benefit obligations for the non- transferrable social benefits and payments which are included in the articles of association, the Fund has an actuarial and technical deficit which is fully provisioned for. The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, demographic assumptions, inflation rate estimates and the impact of any changes in individual pension plans. The Bank Management uses Fund actuaries to assist in assessing these assumptions. Considering the subjectivity of key assumptions and estimate used in the calculations of transferrable liabilities and the effects of the potential changes in the estimates used together with the uncertainty around the transfer date and given the fact that technical interest rate is prescribed under the law, we considered this to be a key audit matter.	It has been addressed whether there have been any significant changes in regulations governing pension liabilities, employee benefits plan during the period, that could lead to adjust the valuation of employee benefits. Support from actuarial auditor of our firm, has been taken to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary. We further focused on the accuracy and adequacy of the Bank’s provision provided for the deficit and also disclosures on key assumptions related to pension fund deficit.

Derivative Financial Instruments	
Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options, futures and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in “Section Five Note I.c.” and “Section Five Note II.b”. Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgments used.	Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the bank management fair value calculations of the selected derivative financial instruments which is carried out by valuation experts of our firm and the assessment of used estimations and the judgements and testing the assessment of operating effectiveness of the key controls in the process of fair value determination.

Independent Auditor's Report

Responsibilities of Management and Directors 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 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 scepticism 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.

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 government 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

- In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 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 TCC and provisions of the Bank's articles of association in relation to financial reporting.
- 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 Fatma Ebru Yücel.

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



Fatma Ebru Yücel, SMMM
Sorumlu Denetçi

February 6, 2023
Istanbul, Turkey

TÜRKİYE İŞ BANKASI A.Ş

THE UNCONSOLIDATED FINANCIAL REPORT AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

Headquarters Address: İş Kuleleri, 34330, Levent/İstanbul
Telephone: 0212 316 00 00
Fax: 0212 316 09 00
Web site: www.isbank.com.tr
E-mail: musterililiskileri@isbank.com.tr

The unconsolidated financial report as at and for the year ended prepared in accordance with the communiqué of "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, comprises the following sections:

GENERAL INFORMATION ABOUT THE BANK

UNCONSOLIDATED FINANCIAL STATEMENTS

EXPLANATIONS ON THE ACCOUNTING POLICIES

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

DISCLOSURES AND FOOTNOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

OTHER EXPLANATIONS

INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements for the year ended and related disclosures and footnotes in this report are prepared in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks, "Banking Regulation and Supervision Agency" (BRSA) regulations, "Turkish Accounting Standards", "Turkish Financial Reporting Standards" and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated financial report is presented in thousands of Turkish Lira (TL) and has been subjected to independent audit and presented as the attached.

Ersin Önder Çiftçioğlu
Member of the Board and
the Audit Committee

Yusuf Ziya Toprak
Deputy Chairperson of the Board of Directors
and Chairperson of the Audit Committee

Adnan Bali
Chairperson of the Board of Directors

Ali Tolga Ünal
Head of Financial Management Division

Gamze Yalçın
Deputy Chief Executive In Charge of
Financial Reporting

Hakan Aran
Chief Executive Officer

The authorized contact person for questions on this financial report:

Name – Surname/Title: Neşe Gülden Sözdinler/Head of Investor Relations and Sustainability Division

Phone No : +90 212 316 16 02

Fax No : +90 212 316 08 40

E-mail : nese.sozdinler@isbank.com.tr
investorrelations@isbank.com.tr

Website : www.isbank.com.tr

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Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

SECTION ONE: GENERAL INFORMATION ABOUT THE BANK

I. Explanations on the Establishment Date and Initial Status of the Bank, History Including the Changes in the Former Status

TÜRKİYE İŞ BANKASI A.Ş. ("the Bank") was established on August 26, 1924, to operate in all kinds of banking activities and to initiate and/or participate in all kinds of financial and industrial sector undertakings when necessary. There is no change in the Bank's status since its establishment.

II. Explanations on the Capital Structure, Shareholders who Directly or Indirectly, Solely or Jointly Undertake the Management and Control of the Bank, any Changes in the Period, and Information on the Bank's Risk Group

As of December 31, 2022, 37.31% of the Bank's shares are owned by T. İş Bankası A.Ş. Supplementary Pension Fund (Fund), 28.09% are owned by the Republican People's Party- CHP (Atatürk's shares) and 34.60% are on free float (December 31, 2021: Fund 37.26%, CHP 28.09%, Free float 34.65%).

III. Explanations on the Chairperson's, Directors', Auditors', Chief Executive Officer's and Deputy Chief Executives' Shares, if any, and the Areas of their Responsibility at the Bank

Chairperson and Members of the Board of Directors:

Name and Surname	Areas of Responsibility
Adnan Bali	Chairperson of the Board of Directors, Remuneration Committee, Chairperson of the Risk Committee, Sustainability Committee and Chairperson of the Board of Directors Operating Principles Committee and the Member of the Credit Committee
Yusuf Ziya Toprak	Deputy Chairperson of the Board of Directors, Chairperson of the Audit Committee, TRNC Internal Systems Committee and Operational Risk Committee, Member of the Risk Committee and Substitute Member of the Credit Committee
Hakan Aran	Chief Executive Officer and Board Member, Chairperson of the Credit Committee, Human Resources Committee and Information Systems Strategy Committee, Natural Member of the Risk Committee, Chairperson of the Executive Committee
Feray Demir	Director, Member of the Credit Committee, Corporate Governance Committee, Remuneration Committee, Corporate Social Responsibility Committee, Sustainability Committee, and the Member of the Board of Directors Operating Principles Committee
Ersin Önder Çiftçioğlu	Director, Chairperson of the Sustainability Committee, Member of the Audit Committee and TRNC Internal Systems Committee, Member of the Risk Committee and Operational Risk Committee
Fazlı Bulut	Director, Member of Corporate Social Responsibility Committee and Substitute Member of the Credit Committee
Durmuş Öztekin	Director, Member of Corporate Social Responsibility Committee, and the Member of the Board of Directors Operating Principles Committee
Recep Hakan Özyıldız	Director
Mustafa Rıdvan Selçuk	Director
Ahmet Gökhan Sungur	Director
Sadrettin Yurtsever	Director, Member of Corporate Governance Committee and Corporate Social Responsibility Committee

Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

Chief Executive Officer and Deputy Chief Executives:

Name and Surname	Areas of Responsibility
Hakan Aran	Chief Executive Officer and Member of the Board of Directors, Credit Committee, Chairperson of Human Resources Committee and Information Technologies Strategic Committee Natural Member of Risk Committee, Member of Operational Risk Committee and Chairperson of the Executive Committee
Nevzat Burak Seyrek	Corporate and Commercial Banking Marketing, Commercial Banking Sales, Transboundary Banking, Free Zone Branches, Member of the Sustainability Committee
Ebru Özşuca	Treasury, Economic Research, Capital Markets, Member of the Risk Committee
Gamze Yalçın	Financial Management, Financial Institutions, Investor Relations and Sustainability, Managerial Reporting and Internal Accounting, Information Technologies Strategic Committee, Member of Risk Committee and Sustainability Committee
H. Cahit Çınar	Legal Consultancy, Associates, Member of the Operational Risk Committee, Construction and Real Estate Management, Member of the Sustainability Committee
Ozan Gürsoy	Human Resources Management, Strategic and Corporate Performance Management, Agile Management, Corporate Architecture, Member of Information Technologies Strategic Committee, Operational Risk Committee and Sustainability Committee
Sezgin Yılmaz	Member of Retail Banking Marketing, Sales and Products, Retail Loans, Sustainability Committee
Sabri Gökmenler	Information Technologies, Data Management, Acquisition, Artificial Intelligence, Member of Operational Risk Committee, Sustainability Committee, and Information Technologies Strategic Committee
Sezgin Lüle	Customer Relations Coordination Responsible, Digital Banking, Customer Relations, Card Payment Ecosystems, Card Payment Operations, Card Payment Products and Member of Operational Risk Committee
Can Yücel	Retail, Commercial and Corporate Loans Allocation, Loans Monitoring, Credits Portfolio Management, Project Finance, Member of the Corporate Social Responsibility Committee, Member of the Risk Committee and Sustainability Committee
Sezai Sevgin	Information Security, Internal Control, Corporate Compliance, Natural Member of the Risk Committee, Information Technologies Strategic Committee, Member of the Operational Risk Committee and Sustainability Committee
İzlem Erdem	SME and Enterprise Banking Product and Sales, Agricultural Banking Marketing, Commercial Banking Product, Member of Sustainability Committee
Suat E. Sözen	General Secretary, Corporate Communication, Digital Banking, Member of the Corporate Social Responsibility Committee, Member of the Sustainability Committee
O. Tufan Kurbanoglu	Legal Affairs and Legal Proceedings, Loans Monitoring, Commercial and Corporate Loans and Retail Loans Proceedings
Mehmet Celayir	Member of Banking Base Operations, Agile Management, Support Services, External Operations and Commercial Loan Operations, Operational Risk Committee

At the meeting of the Board of Directors of the Bank dated 13.12.2022, it was decided to appoint Mr. Mehmet Celayir to the position of Deputy Chief Executive. Mr. Yalçın Sezen retired from his position at the Bank on 31.01.2023.

The Parent Bank's shares attributable to the Directors and members of the Audit Committee, to the CEO and the Deputy Chief Executives are of minor importance.

IV. Information on the Bank's Qualified Shareholders

Name Surname/Company	Shares	Ownership	Paid-in Capital	Unpaid Capital
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (İşbank Members' Supplementary Pension Fund)	3,731,244	%37.31	3,731,244	
Cumhuriyet Halk Partisi – Republican People's Party – (Atatürk's Shares)	2,809,205	%28.09	2,809,205	

V. Summary Information on the Bank's Functions and Business Lines

In line with the relevant legislation and principles stated in the Articles of Incorporation of the Bank, the Bank's activities include operating in retail, commercial, corporate and private banking, foreign currency and money market operations, marketable securities operations, international banking services and other banking operations, as well as initiating or participating in all kinds of financial and industrial sector corporations as may be required.

VI. Existing or Potential, Actual or Legal Obstacles on the Transfer of Shareholders' Equity between the Bank and its Subsidiaries or the Reimbursement of Liabilities

None.

VII. VII. Written Policies on Assessment of Ensuring Compliance on Market Discipline, Disclosure Obligations, Frequency and Accuracy of the Related Disclosures

The Bank has written policies on assessment of ensuring compliance on market discipline, disclosure obligations, frequency and accuracy of related disclosures. The mentioned policies which are agreed by Board of Directors' can be obtained from the Bank's website.

Türkiye İş Bankası A.Ş.

Unconsolidated Balance Sheet (Statement Of Financial Position)

SECTION TWO: UNCONSOLIDATED FINANCIAL STATEMENTS								
ASSETS		Foot notes	THOUSAND TL					
			CURRENT PERIOD (31/12/2022)			PRIOR PERIOD (31/12/2021)		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (NET)		152.182.251	271.580.331	423.762.582	77.063.730	248.977.452	326.041.182
1.1	Cash and Cash Equivalents		22.339.070	199.486.876	221.825.946	17.445.369	188.544.363	205.989.732
1.1.1	Cash and Balances with Central Bank	V-I-a	21.699.372	177.230.281	198.929.653	17.280.450	164.642.771	181.923.221
1.1.2	Banks	V-I-ç	650.374	22.384.255	23.034.629	168.221	23.961.080	24.129.301
1.1.3	Money Market Placements		-	-	-	-	-	-
1.1.4	Expected Credit Loss (-)		10.676	127.660	138.336	3.302	59.488	62.790
1.2	Financial Assets at Fair Value Through Profit or Loss	V-I-b	4.703.224	9.607.720	14.310.944	2.220.989	8.351.219	10.572.208
1.2.1	Government Debt Securities		377.411	9.274.555	9.651.966	477.614	6.006.316	6.483.930
1.2.2	Equity Securities		498.961	333.165	832.126	207.094	458.187	665.281
1.2.3	Other Financial Assets		3.826.852	-	3.826.852	1.536.281	1.886.716	3.422.997
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	V-I-d	124.642.997	45.953.397	170.596.394	56.816.982	30.738.094	87.555.076
1.3.1	Government Debt Securities		124.131.177	44.220.021	168.351.198	56.387.087	28.618.627	85.005.714
1.3.2	Equity Securities		160.992	935.061	1.096.053	80.176	472.152	552.328
1.3.3	Other Financial Assets		350.828	798.315	1.149.143	349.719	1.647.315	1.997.034
1.4	Derivative Financial Assets	V-I-c-i	496.960	16.532.338	17.029.298	580.390	21.343.776	21.924.166
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		496.960	16.532.338	17.029.298	580.390	21.343.776	21.924.166
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	Financial Assets Measured at Amortised Cost (Net)		555.605.494	287.547.860	843.153.354	310.048.682	222.249.550	532.298.232
2.1	Loans	V-I-e	493.476.961	288.946.360	782.423.321	287.305.913	226.902.837	514.208.750
2.2	Lease Receivables	V-I-i	-	-	-	-	-	-
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortised Cost (Net)	V-I-f	85.116.372	8.257.625	93.373.997	41.733.414	4.679.320	46.412.734
2.4.1	Government Debt Securities		84.231.448	2.808.785	87.040.233	41.550.971	2.111.385	43.662.356
2.4.2	Other Financial Assets		884.924	5.448.840	6.333.764	182.443	2.567.935	2.750.378
2.5	Expected Credit Loss (-)		22.987.839	9.656.125	32.643.964	18.990.645	9.332.607	28.323.252
III.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	V-I-n	1.594.570	6.055	1.600.625	818.101	9.532	827.633
3.1	Held for Sale		1.594.570	6.055	1.600.625	818.101	9.532	827.633
3.2	Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS		69.572.029	10.287.445	79.859.474	34.921.907	4.539.438	39.461.345
4.1	Investments in Associates (Net)	V-I-g	399.382	-	399.382	311.081	-	311.081
4.1.1	Associates Accounted by using Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		399.382	-	399.382	311.081	-	311.081
4.2	Subsidiaries (Net)	V-I-ğ	69.172.647	10.287.445	79.460.092	34.610.826	4.539.438	39.150.264
4.2.1	Unconsolidated Financial Subsidiaries		27.085.925	10.287.445	37.373.370	13.073.619	4.539.438	17.613.057
4.2.2	Unconsolidated Non-Financial Subsidiaries		42.086.722	-	42.086.722	21.537.207	-	21.537.207
4.3	Joint Ventures (Net)	V-I-h	-	-	-	-	-	-
4.3.1	Joint Ventures Accounted by using Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	V-I-j	17.131.994	64.954	17.196.948	8.659.882	39.978	8.699.860
VI.	INTANGIBLE ASSETS (Net)	V-I-k	3.506.177	8.256	3.514.433	1.747.103	3.006	1.750.109
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		3.506.177	8.256	3.514.433	1.747.103	3.006	1.750.109
VII.	INVESTMENT PROPERTY (Net)	V-I-l	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET		-	-	-	-	-	-
IX.	DEFERRED TAX ASSET	V-I-m	-	-	-	87.529	2.470.081	2.557.610
X.	OTHER ASSETS	V-I-o	31.917.998	7.317.254	39.235.252	7.774.473	7.158.580	14.933.053
	TOTAL ASSETS		831.510.513	576.812.155	1.408.322.668	441.121.407	485.447.617	926.569.024

Türkiye İş Bankası A.Ş.

Unconsolidated Balance Sheet (Statement Of Financial Position)

LIABILITIES		Foot notes	THOUSAND TL					
			CURRENT PERIOD (31/12/2022)			PRIOR PERIOD (31/12/2021)		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-a	386.133.818	544.943.471	931.077.289	167.618.387	428.009.989	595.628.376
II.	FUNDS BORROWED	V-II-c	3.366.612	68.088.714	71.455.326	2.505.052	63.146.374	65.651.426
III.	MONEY MARKETS		28.009.248	12.090.068	40.099.316	39.121.801	9.113.694	48.235.495
IV.	SECURITIES ISSUED (Net)	V-II-ç	2.157.957	26.156.146	28.314.103	5.194.456	25.441.356	30.635.812
4.1	Bills		1.755.212	0	1.755.212	3.133.754	0	3.133.754
4.2	Asset Backed Securities		0	0	0	0	0	0
4.3	Bonds		402.745	26.156.146	26.558.891	2.060.702	25.441.356	27.502.058
V.	FUNDS		0	0	0	0	0	0
5.1	Borrower Funds		0	0	0	0	0	0
5.2	Other		0	0	0	0	0	0
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		0	0	0	0	0	0
VII.	DERIVATIVE FINANCIAL LIABILITIES	V-II-b-g	2.836.442	6.004.376	8.840.818	6.163.475	6.423.058	12.586.533
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		2.836.442	6.004.376	8.840.818	6.163.475	6.423.058	12.586.533
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		0	0	0	0	0	0
VIII.	FACTORING PAYABLES		0	0	0	0	0	0
IX.	LEASE PAYABLES (Net)	V-II-f	2.053.406	98.801	2.152.207	1.614.884	85.555	1.700.439
X.	PROVISIONS	V-II-ğ	29.136.548	1.402.544	30.539.092	14.400.399	1.086.919	15.487.318
10.1	Restructuring Provisions		0	0	0	0	0	0
10.2	Reserve for Employee Benefits		5.507.254	0	5.507.254	2.392.832	0	2.392.832
10.3	Insurance Technical Provisions (Net)		0	0	0	0	0	0
10.4	Other Provisions		23.629.294	1.402.544	25.031.838	12.007.567	1.086.919	13.094.486
XI.	CURRENT TAX LIABILITY	V-II-h	6.531.922	31.008	6.562.930	1.816.875	14.344	1.831.219
XII.	DEFERRED TAX LIABILITY	V-II-h	1.080.530	0	1.080.530	0	0	0
XIII.	LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	V-II-i	0	0	0	0	0	0
13.1	Held for Sale		0	0	0	0	0	0
13.2	Discontinued Operations		0	0	0	0	0	0
XIV.	SUBORDINATED DEBT	V-II-i	2.277.824	31.280.921	33.558.745	2.296.445	35.174.552	37.470.997
14.1	Loans		0	0	0	0	0	0
14.2	Other Debt Instruments		2.277.824	31.280.921	33.558.745	2.296.445	35.174.552	37.470.997
XV.	OTHER LIABILITIES	V-II-e	49.847.129	13.419.108	63.266.237	24.978.068	5.524.050	30.502.118
XVI.	SHAREHOLDERS' EQUITY	V-II-j	196.315.737	-4.939.662	191.376.075	89.923.933	-3.084.642	86.839.291
16.1	Paid-in capital		10.000.000	0	10.000.000	4.500.000	0	4.500.000
16.2	Capital Reserves		1.164.946	204	1.165.150	1.113.235	204	1.113.439
16.2.1	Share Premium		108.952	204	109.156	108.944	204	109.148
16.2.2	Share Cancellation Profits		0	0	0	0	0	0
16.2.3	Other Capital Reserves		1.055.994	0	1.055.994	1.004.291	0	1.004.291
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		20.188.138	-1.146	20.186.992	7.840.024	-617	7.839.407
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		44.848.370	-4.938.720	39.909.650	11.507.178	-3.084.229	8.422.949
16.5	Profit Reserves		58.410.937	0	58.410.937	46.081.015	0	46.081.015
16.5.1	Legal Reserves		6.168.857	0	6.168.857	5.065.786	0	5.065.786
16.5.2	Status Reserves		0	0	0	0	0	0
16.5.3	Extraordinary Reserves		52.242.080	0	52.242.080	41.015.229	0	41.015.229
16.5.4	Other Profit Reserves		0	0	0	0	0	0
16.6	Profit or Loss		61.703.346	0	61.703.346	18.882.481	0	18.882.481
16.6.1	Prior Periods' Profit or Loss		165.466	0	165.466	5.414.586	0	5.414.586
16.6.2	Current Period Profit or Loss		61.537.880	0	61.537.880	13.467.895	0	13.467.895
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		709.747.173	698.575.495	1.408.322.668	355.633.775	570.935.249	926.569.024

Türkiye İş Bankası A.Ş.

Unconsolidated Balance Sheet (Statement Of Financial Position)

		Foot notes	THOUSAND TL					
			CURRENT PERIOD (31/12/2022)			PRIOR PERIOD (31/12/2021)		
			TL	FC	Total	TL	FC	Total
	A. OFF-BALANCE SHEET CONTINGENCIES and COMMITMENTS (I-II+III)	V-III	453.428.754	823.573.068	1.277.001.822	284.514.410	709.267.988	993.782.398
I.	GUARANTEES AND SURETYSHIPS		90.063.305	156.633.209	246.696.514	46.066.357	147.369.066	193.435.423
1.1	Letters of Guarantee		84.315.803	94.966.881	179.282.684	45.796.275	85.701.218	131.497.493
1.1.1	Guarantees Subject to State Tender Law		1.344.063	1.143.615	2.487.678	865.540	764.138	1.629.678
1.1.2	Guarantees Given for Foreign Trade Operations		11.143.447	40.608.395	51.751.842	4.204.824	46.666.437	50.871.261
1.1.3	Other Letters of Guarantee		71.828.293	53.214.871	125.043.164	40.725.911	38.270.643	78.996.554
1.2	Bank Acceptances		5.576.890	3.754.586	9.331.476	111.350	14.670.501	14.781.851
1.2.1	Import Letter of Acceptance		0	667.717	667.717	0	498.510	498.510
1.2.2	Other Bank Acceptances		5.576.890	3.086.869	8.663.759	111.350	14.171.991	14.283.341
1.3	Letters of Credit		170.612	53.075.611	53.246.223	158.732	42.736.471	42.895.203
1.3.1	Documentary Letters of Credit		133.794	33.011.590	33.145.384	105.367	29.051.381	29.156.748
1.3.2	Other Letters of Credit		36.818	20.064.021	20.100.839	53.365	13.685.090	13.738.455
1.4	Prefinancing Given as Guarantee		0	0	0	0	0	0
1.5	Endorsements		0	0	0	0	0	0
1.5.1	Endorsements to the Central Bank of Turkey		0	0	0	0	0	0
1.5.2	Other Endorsements		0	0	0	0	0	0
1.6	Purchase Guarantees for Securities Issued		0	0	0	0	0	0
1.7	Factoring Guarantees		0	0	0	0	0	0
1.8	Other Guarantees		0	4.836.131	4.836.131	0	4.260.876	4.260.876
1.9	Other Suretyships		0	0	0	0	0	0
II.	COMMITMENTS		188.802.924	30.478.905	219.281.829	97.612.185	45.290.289	142.902.474
2.1	Irrevocable Commitments		186.639.578	22.139.127	208.778.705	96.073.979	35.197.535	131.271.514
2.1.1	Forward Asset Purchase Commitments		980	4.515.325	4.516.305	9.291.941	17.794.260	27.086.201
2.1.2	Forward Deposit Purchase and Sales Commitments		0	0	0	0	0	0
2.1.3	Capital Commitments to Associates and Subsidiaries		1.000.000	0	1.000.000	0	0	0
2.1.4	Loan Granting Commitments		65.197.193	2.105.002	67.302.195	34.174.955	1.702.741	35.877.696
2.1.5	Securities Underwriting Commitments		0	0	0	0	0	0
2.1.6	Commitments for Reserve Deposit Requirements		0	0	0	0	0	0
2.1.7	Commitments for Cheque Payments		5.447.537	0	5.447.537	3.291.900	0	3.291.900
2.1.8	Tax and Fund Liabilities from Export Commitments		22.490	0	22.490	41.377	0	41.377
2.1.9	Commitments for Credit Card Expenditure Limits		112.111.363	0	112.111.363	46.524.830	0	46.524.830
2.1.10	Commitments for Credit Cards and Banking Services Promotions		277.375	0	277.375	208.406	0	208.406
2.1.11	Receivables from Short Sale Commitments		0	0	0	0	0	0
2.1.12	Payables for Short Sale Commitments		0	0	0	0	0	0
2.1.13	Other Irrevocable Commitments		2.582.640	15.518.800	18.101.440	2.540.570	15.700.534	18.241.104
2.2	Revocable Commitments		2.163.346	8.339.778	10.503.124	1.538.206	10.092.754	11.630.960
2.2.1	Revocable Loan Granting Commitments		2.128.346	8.339.778	10.468.124	1.488.206	10.092.754	11.580.960
2.2.2	Other Revocable Commitments		35.000	0	35.000	50.000	0	50.000
III.	DERIVATIVE FINANCIAL INSTRUMENTS		174.562.525	636.460.954	811.023.479	140.835.868	516.608.633	657.444.501
3.1	Derivative Financial Instruments Held for Risk Management		0	0	0	0	0	0
3.1.1	Fair Value Hedges		0	0	0	0	0	0
3.1.2	Cash Flow Hedges		0	0	0	0	0	0
3.1.3	Net Foreign Investment Hedges		0	0	0	0	0	0

Türkiye İş Bankası A.Ş.

Unconsolidated Statement Of Off-Balance Sheet Items

		Foot notes	THOUSAND TL					
			CURRENT PERIOD (31/12/2022)			PRIOR PERIOD (31/12/2021)		
			TL	FC	Total	TL	FC	Total
3.2	Derivative Financial Instruments Held for Trading		174.562.525	636.460.954	811.023.479	140.835.868	516.608.633	657.444.501
3.2.1	Forward Foreign Currency Buy/Sell Transactions		9.076.327	53.207.947	62.284.274	13.885.441	46.330.649	60.216.090
3.2.1.1	Forward Foreign Currency Buy Transactions		6.486.754	24.879.081	31.365.835	9.851.253	20.305.444	30.156.697
3.2.1.2	Forward Foreign Currency Sell Transactions		2.589.573	28.328.866	30.918.439	4.034.188	26.025.205	30.059.393
3.2.2	Currency and Interest Rate Swaps		158.868.495	505.601.396	664.469.891	117.694.703	424.446.452	542.141.155
3.2.2.1	Currency Swap Buy Transactions		12.686.066	180.280.643	192.966.709	6.016.040	158.921.467	164.937.507
3.2.2.2	Currency Swap Sell Transactions		144.722.429	72.885.673	217.608.102	111.278.663	66.277.089	177.555.752
3.2.2.3	Interest Rate Swap Buy Transactions		730.000	126.217.540	126.947.540	200.000	99.623.948	99.823.948
3.2.2.4	Interest Rate Swap Sell Transactions		730.000	126.217.540	126.947.540	200.000	99.623.948	99.823.948
3.2.3	Currency, Interest Rate and Security Options		5.720.382	23.965.147	29.685.529	8.573.317	21.264.309	29.837.626
3.2.3.1	Currency Call Options		3.160.239	8.188.359	11.348.598	4.553.586	6.303.322	10.856.908
3.2.3.2	Currency Put Options		2.560.143	8.132.464	10.692.607	4.019.731	6.549.875	10.569.606
3.2.3.3	Interest Rate Call Options		0	3.822.162	3.822.162	0	4.205.556	4.205.556
3.2.3.4	Interest Rate Put Options		0	3.822.162	3.822.162	0	4.205.556	4.205.556
3.2.3.5	Securities Call Options		0	0	0	0	0	0
3.2.3.6	Securities Put Options		0	0	0	0	0	0
3.2.4	Currency Futures		897.321	743.203	1.640.524	682.407	687.983	1.370.390
3.2.4.1	Currency Buy Futures		192.908	559.500	752.408	0	687.983	687.983
3.2.4.2	Currency Sell Futures		704.413	183.703	888.116	682.407	0	682.407
3.2.5	Interest Rate Futures		0	0	0	0	0	0
3.2.5.1	Interest Rate Buy Futures		0	0	0	0	0	0
3.2.5.2	Interest Rate Sell Futures		0	0	0	0	0	0
3.2.6	Other		0	52.943.261	52.943.261	0	23.879.240	23.879.240
B. EMANET VE REHİNLİ KIYMETLER (IV+V+VI)			1.116.249.656	1.495.889.698	2.612.139.354	796.887.897	993.775.709	1.790.663.606
IV.	ITEMS HELD IN CUSTODY		84.271.660	172.676.943	256.948.603	60.617.295	121.635.447	182.252.742
4.1	Customers' Securities Held		0	0	0	0	0	0
4.2	Investment Securities Held in Custody		34.788.786	4.899.694	39.688.480	33.813.447	4.930.182	38.743.629
4.3	Cheques Received for Collection		44.145.057	93.149.806	137.294.863	23.306.991	68.668.580	91.975.571
4.4	Commercial Notes Received for Collection		3.841.357	35.954.510	39.795.867	2.980.895	26.788.763	29.769.658
4.5	Other Assets Received for Collection		0	0	0	0	0	0
4.6	Assets Received for Public Offering		0	0	0	0	0	0
4.7	Other Items Under Custody		1.496.460	38.672.933	40.169.393	515.962	21.247.922	21.763.884
4.8	Custodians		0	0	0	0	0	0
V.	PLEDGED ITEMS		1.031.977.996	1.323.212.755	2.355.190.751	736.270.602	872.140.262	1.608.410.864
5.1	Marketable Securities		67.423.981	800.624	68.224.605	53.604.619	352.719	53.957.338
5.2	Guarantee Notes		2.550.997	35.205.788	37.756.785	2.516.138	33.012.695	35.528.833
5.3	Commodity		235.924.378	132.452.520	368.376.898	144.690.167	75.209.001	219.899.168
5.4	Warranty		0	0	0	0	0	0
5.5	Real Estates		561.535.101	876.040.583	1.437.575.684	398.843.430	580.623.489	979.466.919
5.6	Other Pledged Items		164.543.539	278.713.240	443.256.779	136.616.248	182.942.358	319.558.606
5.7	Pledged Items-Depository		0	0	0	0	0	0
VI.	ACCEPTED BILL, GUARANTEES AND SURETIES		0	0	0	0	0	0
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			1.569.678.410	2.319.462.766	3.889.141.176	1.081.402.307	1.703.043.697	2.784.446.004

Türkiye İş Bankası A.Ş.

Unconsolidated Income Statement

INCOME STATEMENT		Foot notes	THOUSAND TL	
			CURRENT PERIOD (31/12/2022)	PRIOR PERIOD (31/12/2021)
I.	INTEREST INCOME	V-IV-a	123.454.753	60.904.343
1.1	Interest Income on Loans		82.579.909	44.448.255
1.2	Interest Income on Reserve Deposits		284.681	849.109
1.3	Interest Income on Banks		444.545	133.704
1.4	Interest Income on Money Market Placements		448.198	890
1.5	Interest Income on Marketable Securities Portfolio		39.658.335	15.434.222
1.5.1	Financial Assets At Fair Value Through Profit or Loss		235.962	128.118
1.5.2	Financial Assets At Fair Value Through Other Comprehensive Income		24.247.051	9.421.203
1.5.3	Financial Assets At Measured at Amortised Cost		15.175.322	5.884.901
1.6	Financial Lease Income		0	0
1.7	Other Interest Income		39.085	38.163
II.	INTEREST EXPENSE (-)	V-IV-b	48.251.300	29.963.074
2.1	Interest on Deposits		32.480.838	18.085.126
2.2	Interest on Funds Borrowed		2.993.523	1.530.274
2.3	Interest on Money Market Funds		3.677.551	5.081.676
2.4	Interest on Securities Issued		5.770.518	4.761.496
2.5	Financial Lease Expense		362.675	255.389
2.6	Other Interest Expenses		2.966.195	249.113
III.	NET INTEREST INCOME (I - II)		75.203.453	30.941.269
IV.	NET FEES AND COMMISSIONS INCOME		16.146.898	7.619.945
4.1	Fees and Commissions Received		20.770.884	9.742.778
4.1.1	Non-cash Loans		2.257.434	1.291.970
4.1.2	Other		18.513.450	8.450.808
4.2	Fees and Commissions Paid		4.623.986	2.122.833
4.2.1	Non-cash Loans		1.461	1.521
4.2.2	Other		4.622.525	2.121.312
V.	DIVIDEND INCOME	V-IV-c	38.604	20.735
VI.	TRADING INCOME /(LOSS) (Net)	V-IV-ç	4.522.593	-5.149.127
6.1	Gains/(Losses) on Securities Trading		3.314.827	357.107
6.2	Derivative Financial Transactions Gains/Losses		-13.543.440	-1.046.262
6.3	Foreign Exchange Gains / (Losses)		14.751.206	-4.459.972
VII.	OTHER OPERATING INCOME	V-IV-d	6.080.548	4.401.570
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		101.992.096	37.834.392
IX.	EXPECTED CREDIT LOSS (-)	V-IV-e	10.036.266	10.837.246
X.	OTHER PROVISION EXPENSES (-)	V-IV-e	5.768.178	3.612.921
XI.	PERSONNEL EXPENSE (-)		15.095.648	6.366.681
XII.	OTHER OPERATING EXPENSES (-)	V-IV-f	18.933.630	9.545.008
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		52.158.374	7.472.536
XIV.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		0	0
XV.	PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		21.790.674	8.003.345
XVI.	NET MONETARY POSITION GAIN/LOSS		0	0
XVII.	PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XIII+...+XVI)	V-IV-g	73.949.048	15.475.881
XVIII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	V-IV-ğ	12.411.168	2.007.986
18.1	Current Tax Provision		17.204.130	1.103.778
18.2	Deferred Tax Income Effect (+)		1.117.479	2.855.911
18.3	Deferred Tax Expense Effect (-)		5.910.441	1.951.703
XIX.	NET PERIOD PROFIT/LOSS FROM CONTUNUING OPERATIONS (XVI±XVII)	V-IV-h	61.537.880	13.467.895
XX.	INCOME ON DISCONTINUED OPERATIONS		0	0
20.1	Income on Assets Held for Sale		0	0
20.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
20.3	Other Income on Discontinued Operations		0	0
XXI.	EXPENSE ON DISCONTINUED OPERATIONS (-)		0	0
21.1	Expense on Assets Held for Sale		0	0
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
21.3	Other Expense on Discontinued Operations		0	0
XXII.	PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XX-XXI)		0	0
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		0	0
23.1	Current Tax Provision		0	0
23.2	Deferred Tax Expense Effect (+)		0	0
23.3	Deferred Tax Income Effect (-)		0	0
XXIV.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		0	0
XXV.	NET PERIOD PROFIT/LOSS (XIX+XXIV)	V-IV-ı	61.537.880	13.467.895
	Earnings per Share (*)		0,246149305	0,053871095

(*) Expressed in exact TL

Türkiye İş Bankası A.Ş.

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSAND TL	
		CURRENT PERIOD (31/12/2022)	PRIOR PERIOD (31/12/2021)
I.	PROFIT/LOSS FOR THE PERIOD	61.537.880	13.467.895
II.	OTHER COMPREHENSIVE INCOME	43.834.286	7.268.169
2.1	Other comprehensive income that will not be reclassified to profit or loss	12.347.585	3.606.560
2.1.1	Revaluation Surplus on Tangible Assets	7.126.488	1.606.325
2.1.2	Revaluation Surplus on Intangible Assets	0	0
2.1.3	Gains/(Losses) on remeasurements of Defined Benefit Plans	-2.593.679	-713.198
2.1.4	Other Income/Expense Items of Other Comprehensive Income not to be Reclassified to Profit Or Loss	8.119.452	2.731.426
2.1.5	Taxes Relating To Components Of Other Comprehensive Income not to be Reclassified To Profit Or Loss	-304.676	-17.993
2.2	Other Income/Expense Items not be Reclassified to Profit or Loss	31.486.701	3.661.609
2.2.1	Exchange Differences on Translation	2.071.370	1.702.150
2.2.2	Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value through Other Comprehensive Income	32.024.551	-532.979
2.2.3	Income/(Loss) Related with Cash Flow Hedges	0	0
2.2.4	Income/(Loss) Related with Hedges of Net Investments in Foreign Operations	0	0
2.2.5	Other Income/Expense Items of Other Comprehensive Income to be Reclassified to Other Profit or Loss	5.517.021	2.433.200
2.2.6	Taxes Relating To Components Of Other Comprehensive Income to be Reclassified To Profit Or Loss	-8.126.241	59.238
III.	TOTAL COMPREHENSIVE INCOME (I+II)	105.372.166	20.736.064

Türkiye İş Bankası A.Ş.

Unconsolidated Statement Of Changes in Shareholders' Equity

CHANGES IN SHAREHOLDERS' EQUITY		Foot notes	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income That will not be Reclassified in Profit/(Loss)			Accumulated Other Comprehensive Income That will be Reclassified in Profit/(Loss)			Profit Reserves	Prior Period Profit/(Loss)	Net Current Period Profit/(Loss)	Total Shareholder's Equity
							Tangible assets accumulated revaluation reserve Increase / (Decrease)	Accumulated gains / (losses) on remeasurements of defined benefit plans	Other (1)	Exchange differences on translation reserve	Accumulated gains/ (losses) due to revaluation and/ or reclassification of financial assets measured at fair value through other comprehensive income	Other (2)				
		V-V														
	PRIOR PERIOD (31/12/2021)															
I.	Beginning Balance		4.500.000	90.724		1.035.465	2.719.532	-284.097	1.797.412	1.518.568	1.133.556	2.109.216	40.079.251	13.081.825		67.781.452
II.	Adjustment in accordance with TAS 8															
2.1	The Effect of Adjustments															
2.2	The Effect of Changes in Accounting Policies															
III.	New Balance (I+II)		4.500.000	90.724		1.035.465	2.719.532	-284.097	1.797.412	1.518.568	1.133.556	2.109.216	40.079.251	13.081.825		67.781.452
IV.	Total Comprehensive Income						1.445.692	-570.558	2.731.426	1.702.150	-473.741	2.433.200			13.467.895	20.736.064
V.	Capital Increase in Cash															
VI.	Capital Increase Through Internal Reserves															
VII.	Paid-in-Capital inflation adjustment difference															
VIII.	Convertible Bonds															
IX.	Subordinated Debt															
X.	Increase/(Decrease) Through Other Changes (*)			18.424		-31.174								-869.736		-882.486
XI.	Profit Distribution												6.001.764	-6.797.503		-795.739
11.1	Dividend Paid													-661.415		-661.415
11.2	Transfer to Reserves												6.001.764	-6.001.764		
11.3	Other (**)													-134.324		-134.324
	Ending Balance (III+IV+.....+X+XI)		4.500.000	109.148		1.004.291	4.165.224	-854.655	4.528.838	3.220.718	659.815	4.542.416	46.081.015	5.414.586	13.467.895	86.839.291
	CURRENT PERIOD (31/12/2022)															
I.	Beginning Balance		4.500.000	109.148		1.004.291	4.165.224	-854.655	4.528.838	3.220.718	659.815	4.542.416	46.081.015	18.882.481		86.839.291
II.	Adjustment in accordance with TAS 8															
2.1	The Effect of Adjustments															
2.2	The Effect of Changes in Accounting Policies															
III.	New Balance (I+II)		4.500.000	109.148		1.004.291	4.165.224	-854.655	4.528.838	3.220.718	659.815	4.542.416	46.081.015	18.882.481		86.839.291
IV.	Total Comprehensive Income						6.119.976	-1.891.843	8.119.452	2.071.370	23.898.310	5.517.021			61.537.880	105.372.166
V.	Capital Increase in Cash															
VI.	Capital Increase Through Internal Reserves		5.500.000										-5.500.000			
VII.	Paid-in-Capital inflation adjustment difference															
VIII.	Convertible Bonds															
IX.	Subordinated Debt															
X.	Increase/(Decrease) Through Other Changes (*)			8		51.703							294.231	126.560		472.502
XI.	Profit Distribution												17.535.691	-18.843.575		-1.307.884
11.1	Dividend Paid													-1.307.884		-1.307.884
11.2	Transfer to Reserves												17.535.691	-17.535.691		
11.3	Other															
	Ending Balance (III+IV+.....+X+XI)		10.000.000	109.156		1.055.994	10.285.200	-2.746.498	12.648.290	5.292.088	24.558.125	10.059.437	58.410.937	165.466	61.537.880	191.376.075

(1): Accumulated amounts of other comprehensive income of investments accounted by the equity method, that will not be reclassified as other profit or loss.

(2): Accumulated amounts of other comprehensive income of investments accounted by the equity method, that will be reclassified as other profit or loss.

(*) Prior Period's Profit / (Loss) for the period 31.12.2021 and Profit Reserves for the period 31.12.2022 include the classifications made within the scope of "TAS 27 -Individual Financial Statements".

(**) According to the Articles of Association of the Bank, it is the dividend amount distributed to the Bank personnel.

Türkiye İş Bankası A.Ş.

Unconsolidated Statement Of Changes in Shareholders' Equity

Türkiye İş Bankası A.Ş.

Unconsolidated Statement of Cash Flows

		Foot notes	THOUSAND TL	
			CURRENT PERIOD (01/01-31/12/2022)	PRIOR PERIOD (01/01-31/12/2021)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		29.321.468	14.064.345
1.1.1	Interest Received		103.691.818	54.774.522
1.1.2	Interest Paid		-43.427.261	-28.575.621
1.1.3	Dividend Received		1.451.063	837.502
1.1.4	Fees and Commissions Received		20.771.458	9.740.804
1.1.5	Other Income		4.926.359	999.236
1.1.6	Collections from Previously Written Off Loans and Other Receivables		3.384.340	2.802.041
1.1.7	Cash Payments to Personnel and Service Suppliers		-22.292.589	-10.730.457
1.1.8	Taxes Paid		-13.579.263	-2.688.207
1.1.9	Other	V-VI	-25.604.457	-13.095.475
1.2	Changes in Operating Assets and Liabilities		56.755.949	79.007.898
1.2.1	Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		-412.259	-3.878.212
1.2.2	Net (Increase) / Decrease in Due From Banks		-1.407.545	-16.411.725
1.2.3	Net (Increase) / Decrease in Loans		-188.170.365	-56.752.805
1.2.4	Net (Increase) / Decrease in Other Assets		-1.122.078	-2.370.308
1.2.5	Net Increase / (Decrease) in Bank Deposits		5.142.070	-1.077.510
1.2.6	Net Increase / (Decrease) in Other Deposits		238.319.648	127.280.892
1.2.7	Net Increase/ (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		0	0
1.2.8	Net Increase / (Decrease) in Funds Borrowed		-14.214.342	600.469
1.2.9	Net Increase / (Decrease) in Matured Payables		0	0
1.2.10	Net Increase / (Decrease) in Other Liabilities	V-VI	18.620.820	31.617.097
I.	Net Cash Provided From Banking Operations		86.077.417	93.072.243
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from Investing Activities		-75.342.524	-7.296.356
2.1	Cash Paid for the Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-3.714.714	-135.636
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
2.3	Cash Paid for the Purchase of Tangible Asset		-1.325.592	-500.697
2.4	Cash Obtained from the Sale of Tangible Asset		218.743	223.992
2.5	Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		-59.932.987	-24.036.024
2.6	Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income		27.825.705	17.782.022
2.7	Cash Paid for Purchase of Financial Assets Measured at Amortised Cost		-55.070.273	-15.700.230
2.8	Cash Obtained from Sale of Financial Assets Measured at Amortised Cost (*)		19.171.942	15.819.175
2.9	Other	V-VI	-2.515.348	-748.958
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities		-31.982.420	-15.071.710
3.1	Cash obtained from funds borrowed and securities issued		10.906.657	7.897.669
3.2	Cash used for repayment of funds borrowed and securities issued		-40.429.982	-21.609.192
3.3	Equity Instruments		0	0
3.4	Dividends Paid		-1.667.884	-795.739
3.5	Payments for Finance Leases		-791.211	-564.448
3.6	Other	V-VI	0	0
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	V-VI	967.080	-1.171.636
V.	Net increase in cash and cash equivalents		-20.280.447	69.532.541
VI.	Cash and cash equivalents at beginning of the period		114.894.449	45.361.908
VII.	Cash and cash equivalents at end of the period		94.614.002	114.894.449

(*) Includes Redeemed Financial Assets measured at amortized cost.

Türkiye İş Bankası A.Ş.

Unconsolidated Statement of Profit Distribution Table

		THOUSAND TL	
		CURRENT PERIOD (01/01-31/12/2022)	PRIOR PERIOD (01/01-31/12/2021)
I.	DISTRIBUTION OF CURRENT YEAR PROFIT (1)		
1.1	CURRENT PERIOD PROFIT (2)	73.949.048	21.250.467
1.2	TAXES AND DUES PAYABLE (-)	12.411.168	2.007.986
1.2.1	Corporate Tax (Income Tax)	17.082.925	1.057.464
1.2.2	Income Tax Withholding	121.205	46.314
1.2.3	Other Taxes and Dues Payable (3)	-4.792.962	904.208
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	61.537.880	19.242.481
1.3	PRIOR YEARS' LOSSES (-)	0	0
1.4	FIRST LEGAL RESERVES (-)	0	1.103.071
1.5	OTHER STATUTORY RESERVES (-)	0	143.605
B.	NET PROFIT ATTRIBUTABLE TO [(A-(1.3+1.4+1.5))]	61.537.880	17.995.805
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)		270.000
1.6.1	To Owners of Ordinary Shares	0	269.998
1.6.2	To Owners of Preferred Shares	0	2
1.6.3	To Preferred Shares (Preemptive Rights)	0	0
1.6.4	To Profit Sharing Bonds	0	0
1.6.5	To Holders of Profit / Loss Share Certificates	0	0
1.7	DIVIDENDS TO PERSONNEL (-)	0	359.481
1.8	DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	0
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	0	1.076.790
1.9.1	To Owners of Ordinary Shares	0	1.076.756
1.9.2	To Owners of Privileged Shares	0	24
1.9.3	To Owners of Preferred Shares	0	10
1.9.4	To Profit Sharing Bonds	0	0
1.9.5	To Holders of Profit / Loss Share Certificates	0	0
1.10	STATUTORY RESERVES (-)	0	0
1.11	EXTRAORDINARY RESERVES	0	16.289.534
1.12	OTHER RESERVES	0	0
1.13	SPECIAL FUNDS	0	0
II.	DISTRIBUTION FROM RESERVES		
2.1	DISTRIBUTED RESERVES	0	0
2.2	DIVIDENDS TO SHAREHOLDERS (-)	0	0
2.2.1	To Owners of Ordinary Shares	0	0
2.2.2	To Owners of Privileged Shares	0	0
2.2.3	To Owners of Preferred Shares	0	0
2.2.4	To Profit Sharing Bonds	0	0
2.2.5	To Holders of Profit / Loss Share Certificates	0	0
2.3	DIVIDENDS TO PERSONNEL (-)	0	0
2.4	DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	0
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES (4)	0,2461	0,1197
3.2	TO OWNERS OF ORDINARY SHARES (%)	615	299
3.3	TO OWNERS OF PREFERRED SHARES (4)	0	0
3.4	TO OWNERS OF PREFERRED SHARES (%)	0	0
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES (4)	0	0,0120
4.2	TO OWNERS OF ORDINARY SHARES (%)	0	29,93
4.3	TO OWNERS OF PREFERRED SHARES (4)	0	0,0086
4.4	TO OWNERS OF PREFERRED SHARES (%)	0	85,87

(1): The decision for dividend payment is made at the Annual General Meeting. Annual General Meeting has not been held as of the reporting date.
(2): In accordance with "TAS 19 Employee Benefits", TL 360.000 allocated for the profit share to be distributed to the personnel in 2021 and added to the profit distribution base of the same year, and TL 5.414.586 retained earnings added to the profit distribution base of the same year are added to the previous period's profit in the table.
(3): Deferred Tax Income.
(4): Expressed in exact TL.

Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

SECTION THREE: EXPLANATIONS ON ACCOUNTING POLICIES

I. Basis of Presentation:

The unconsolidated financial statements, related notes, and explanations in this report are prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Financial Reporting Legislation") and requirements of Turkish Financial Reporting Standards (TFRS) published the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

COVID-19 outbreak, which started in China and spread globally in the first half of 2020, caused serious effects on both economic and social life. In addition to the social life effects of the cautions taken to ensure the control of outbreak in many countries, there are also consequences observed which is negatively affecting economic activity both on regional and global scale. As in other countries where the pandemic is effective, various cautions also have been taken in our country in social and economic terms. The Bank sustains its activities for the period precisely by closely monitoring the processes related to outbreak, postponing retail and non-retail customers' due debts, restructuring with grace period and existing or additional limit allocations in respect with customers' needs. Assessments regarding to possible effects of the COVID-19 outbreak through the measurement of expected credit losses are explained in the Section Three "VIII. "Explanations on Impairment of Financial Assets".

"Interest Rate Benchmark Reform- Stage 2", brought changes in various TAS / TFRSs effective from January 1, 2021, was released in December 2020 within the scope of the project of transition of the benchmark interest rates carried out by the International Accounting Standards Board (IASB). It was concluded that as of December 31, 2022, the changes have not occurred significantly on the Bank's financial statements.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, TAS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of December 31, 2022.

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. The Bank does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Bank operates, the crisis did not have a direct impact on the Bank's operations as of 31 December 2022. However, since the course of the crisis is still 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 the Bank's operations, are closely monitored. Since the Bank's risks to both countries are at a very low level, these developments are not expected to have an significant impact on the Bank's operations.

The accounting policies applied in the current period are in line with the prior period financial statements. The accounting policies and valuation principles used in the preparation of financial statements are presented below in detail.

II. Strategy for Use of Financial Instruments and Foreign Currency Transactions

1. The Bank's Strategy on Financial Instruments

The Bank's main activities comprise private, retail, commercial and corporate banking, money market and securities market operations, as well as activities related to international banking services.

In conformity with the general liability structure of the banking system, the Bank's liabilities are mainly composed of short-term deposits and other medium and long-term liabilities. The liquidity risk that may arise from this liability structure can be easily controlled through deposit continuity, as well as widespread network of the correspondent banks, market maker status (The Bank is one of the market makers banks) and by the use of liquidity facilities of the Central Bank of Republic of Turkey ("CBRT"). As a result, the liquidity of the Bank and the banking system can be easily monitored. On the other hand, foreign currency liquidity requirements are met by the money market operations and currency swaps.

Most of the funds collected bear fixed interest, and by closely monitoring the developments in the sector, both fixed and floating rate placements are made based on the yields of alternative investment instruments.

Safety principle has always been the top priority in placements and the placements are focused on high yielding and low risk assets by considering their maturity structure. Accordingly, a pricing policy aiming at high return is implemented in the long-term placements and attention is paid to the maximum use of non-interest income generation opportunities. The Bank determines its lending strategy by taking into consideration the international and national economic data and expectations, market conditions, current and potential credit customers' expectations and tendencies, and risks such as; interest rate, liquidity, currency and credit risks. Furthermore, in conformity with this strategy, the Bank acts within the legal limits in terms of asset-liability management.

The primary objectives related to balance sheet components are set by the long-term plans shaped along with budgeting; and the Bank takes the required positions against the short-term currency, interest rates and price fluctuations in accordance with these plans and the course of the market conditions.

Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

Foreign currency, interest rate and price fluctuations in the markets are monitored instantaneously. While taking positions, in addition to the legal limits, the Bank's own transaction and control limits are also effectively monitored in order to avoid limit overrides.

The Bank's asset-liability management is executed by the Asset-Liability Management Committee, within the risk limits determined by the Board of Directors, in order to keep the liquidity risk, interest rate risk, currency risk and credit risk within certain limits depending on the equity adequacy and to maximize profitability.

2. Foreign Currency Transactions

Foreign currency monetary assets and liabilities on the balance sheet are converted into Turkish Lira by using the prevailing exchange rates at the balance sheet date. Non-monetary items in foreign currencies carried at fair value are converted into Turkish Lira by the rates at the date of which the fair value is determined. Exchange rate differences arising from the conversions of monetary foreign currency items and the collections of and payments in foreign currency transactions are reflected to the income statement.

The Bank started to apply equity method for the foreign associates and subsidiaries which were followed with historical rates in accordance with the TAS 27 "Separate Financial Statements" In this context, foreign subsidiaries are accounted at current rates in the financial statement and the resulting exchange differences are accounted under equity.

The financial statements of the foreign branches of the Bank are prepared in the currency of the primary economic environment in which the entity operates (functional currency). The financial statements of foreign branches are expressed in TL which is the functional currency of the Bank and the presentation currency of the financial statements. Assets and liabilities of the foreign branches of the Bank are converted into TL by using the prevailing exchange rates at the balance sheet date. Income and expenses are converted by at exchange rates at the dates of the transactions. The exchange rate differences arising from the conversion are recorded in the shareholders' equity.

III. Associates and Subsidiaries

The Bank accounts, its associates, and subsidiaries in accordance with equity method which described in TAS 28.

Under the equity method, Bank's share of net assets of the associates and subsidiaries is recognized in the Bank's financial statements. The profit or loss of the Bank includes the Bank's share of the profit or loss of the associates and subsidiaries and Bank's other comprehensive income or expenses include the Bank's share of other comprehensive income or expenses of the associates and subsidiaries. Mergers / acquisitions and change in share ratios of related associates and subsidiaries during the period are shown under the item "Increase / Decrease through Other Changes" in the statement of changes in shareholders' equity.

IV. Forward, Option Contracts and Derivatives Instruments

Derivative transactions of the Bank consist of foreign currency and interest rate swaps, forwards, foreign currency options and interest rate options. The Bank has no derivative instruments decomposed from the main contract.

The Bank classifies derivative transactions, which act as a hedge but does not meet qualification criteria for hedge accounting, as "Derivative Financial Assets at Fair Value through Profit or Loss" in accordance with the "TFRS 9 Financial Instruments" requirements.

Derivative transactions are recorded at their fair value at the date of contract, receivables and payables arising from these transactions are recorded in off-balance sheet accounts. Derivative transactions are measured at fair value at subsequent reporting dates and if the valuation difference is positive, they are classified as "Derivative Financial Assets at Fair Value through Profit or Loss", if it is negative they are classified as "Derivative Financial Liabilities at Fair Value through Profit or Loss". The differences arising from the valuation of derivative transactions are associated with the income statement.

On off-balance sheet items table, options which generated assets for the Bank are presented under "call options" line and which generated liabilities are presented under "put options" line.

V. Interest Income and Expenses

Interest income is calculated by using the effective interest rate method (the rate that equal the future cash flows of a financial asset or liability to its present net book value) to gross carrying amount of financial asset in conformity with "TFRS 9 Financial Instruments" except financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired.

Under the scope of TFRS 9 application, the Bank does not reverse the interest accruals and rediscounts of non-performing loans and other receivables and monitors the related amounts under interest income and calculates expected credit loss on these amounts according to the related methodology.

VI. Fees and Commission Income and Expenses

Wages and commissions those that are not an integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted for in accordance with "TFRS 15 - Revenue from Customer Contracts". Fees and commission income and expenses are recognized either on accrual basis or by using the effective interest method. Income earned in return for services rendered contractually or due to operations like sale or purchase of assets on behalf of a third-party real person or corporate body are recognized in income accounts in the period of collection.

VII. Financial Assets

The Bank within the scope of "TFRS 9 Financial Instruments", classifies and accounts its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets at Fair Value Through Other Comprehensive Income" or "Financial Assets at Measured at Amortized Cost" by taking into account their business model and contractual cash flow characteristics. Financial assets are recognized or derecognized according to TFRS 9 "Recognition and Derecognition in Statement of Financial Position" requirements. The Bank recognizes a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the financial instrument. Financial assets are measured at their fair value on initial recognition in the financial statements.

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The Bank has three different business models for classification of financial assets:

- Business model aimed at holding financial assets in order to collect contractual cash flows: Financial assets held under the mentioned business model are managed to collect contractual cash flows over the life of these assets. The Bank manages its assets held under this portfolio in order to collect certain contractual cash flows
- Business model aimed at collecting contracted cash flows of financial assets and selling: In this business model, the Bank intends both to collect contractual cash flows of financial assets and to sell these assets.
- Other business models: A business model in which financial assets; are not held within the scope of a business model aimed at collection of contractual cash flows and within the scope of a business model aimed at collecting and selling contracted cash flows, are measured by reflecting fair value in profit or loss.

The Bank is able to reclassify all affected financial assets in case it changes the business model that is used for the management of financial asset.

In the event of the termination of the rights related to the cash flows from a financial asset, the transfer of all risks and rewards of the financial asset to a significant extent or has no longer control of the financial assets, the Bank derecognizes the financial asset.

1. Financial Assets at Fair Value Through Profit or Loss

Financial assets except financial assets measured at amortized cost or at fair value through other comprehensive income, are measured at fair value through profit or loss. Financial assets at fair value through profit or loss are financial assets held for the purpose of generating profit from short-term fluctuations in price or similar factors in the market or being part of a portfolio for profitability in the short term, regardless of the acquisition reason or financial assets that are not held in a business model that aims at collecting and/or selling contractual cash flows of financial assets.

Financial assets at fair value through profit or loss are initially measured at fair value on the balance sheet and are subsequently re-measured at fair value. Gains or losses arising from the valuation are related to profit and loss accounts.

In some cases, restructuring, alteration or counterparty changes of contractual cash flows of loans may lead to derecognition of related loans in accordance with TFRS 9. When the change in the financial asset results from derecognizing the existing financial asset from the financial statements and the revised financial asset is recognized in the financial statements, the revised financial asset is considered as a new financial asset in accordance with TFRS 9. When it is determined that there are significant changes between the new conditions of the revised financial asset and the first conditions in related agreements, the Bank evaluates the new financial asset according to the current business models. When it is determined that the contractual conditions do not only result in cash flows that include principal and interest payments at certain dates, the financial asset is recognized at fair value and is subject to valuation. The differences arising from the valuation are reflected in the nominal accounts.

The Bank recognizes loans at fair value through profit or loss, if the contractual terms of the loan, do not result in cash flow including the principal payments and interest payments generated from principal amounts at certain dates. These loans are valued at their fair values after their recognition and the losses or gains arising from the valuation are included in the profit and loss accounts.

2. Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income are financial assets that are held under a business model that aims both to collect contractual cash flows and to sell financial assets, and financial assets with contractual terms that lead to cash flows that are solely payments of principal and interest on the principle amount outstanding at specific dates.

Financial assets at fair value through other comprehensive income are initially recognized at their fair value including their transaction costs on the financial statements. The initial recognition and subsequent valuation of such financial assets, including the transaction costs, are carried out on a fair value basis and the difference between amortized cost and the cost of borrowing instruments is recognized in profit or loss by using the effective interest method. Dividend income arising from investments in equity instruments that are classified as at fair value through other comprehensive income is also recognized in income statements.

Gains and losses, except impairment gain or loss and foreign exchange gain or loss, arising from changes in the fair value of financial assets at fair value through other comprehensive income are reflected to other comprehensive income until derecognized or reclassified. When the value of the financial asset is collected or financial asset is disposed, the related fair value differences accumulated in the shareholders' equity are transferred to the profit or loss statement.

During the initial introduction to financial statements, amendments to the fair value of an investment in an equity instrument within the framework of TFRS 9 that are not held for trading or that are not valued in a financial statement of an entity that acquires business combinations under the "TFRS 3 Business Combinations" may be subject to an irreversible preference regarding these amendments being accounted in other comprehensive income. In such case dividends taken from mentioned investment will be accounted in financial statement as profit or loss.

3. Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are those financial assets that are held within the framework of a business model aimed at collecting contractual cash flows over the life of the asset and which result in cash flows that include principal and interest on the principal amount outstanding at specific dates. Financial assets measured at amortized cost with the initial recognition at fair value including transaction costs are subject to valuation with their discounted cost value by using the effective interest rate method, after eliminating any provision for impairment if there is any. Interest income measured by using the effective interest rate method are recognized in the income statement as an "interest income".

The Bank evaluates its loans within the framework of current business models and can be classified as Financial Assets measured at Amortized Cost.

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The Bank also holds consumer price indexed government bonds ("CPI") in its securities portfolio, reclassified as financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss and financial assets measured at amortised cost. In the valuation of the mentioned securities, the estimated inflation curve created by using the CPI index announced by Turkish Statistical Institute ("TÜİK") and the "Annual CPI Expectation After 12 Months" from the CBRT Market Participants Survey is used. Future cash flows of securities are estimated by using the mentioned inflation data and valuation is made according to the effective interest method within the framework of the reference inflation index formula specified in the Undersecretariat of Treasury's Investor Guide of CPI.

VIII. Impairment of Financial Assets

In accordance with the "TFRS 9-Financial Instruments" and the regulation and related decision "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" issued by BRSA, the Bank recognizes expected credit loss allowance on financial assets at fair value through other comprehensive income, financial assets measured at amortized cost, impaired credit commitments and financial guarantee contracts.

Within the scope of TFRS 9, the expected credit loss is calculated according to the "three-stage" impairment model based on the change in the loan quality of financial assets after initial recognition and detailed in the following headings:

Stage 1:

An important determinant for calculating the expected credit loss in accordance with TFRS 9 is to assess whether there is a significant increase in the credit risk of the financial asset. Financial assets that have not experienced a significant increase in credit risk since the initial recognition are monitored in the stage one. Impairment for credit risk for the Stage 1 financial assets is equal to the 12-month expected credit losses.

Stage 2:

Financial assets that experienced a significant increase in the credit risk since initial recognition, are transferred to Stage 2. The expected credit loss of these financial assets are measured at an amount equal to the instrument's lifetime expected credit loss. In order to classify a financial asset in the stage 2, the following criteria is considered:

- Overdue between 30-90 days
- Restructuring of the loan
- Significant deterioration in the probability of default

In case of a significant deterioration in the probability of default, the credit risk is considered to be increased significantly and the financial asset is classified as stage 2. The absolute and gradual thresholds used to increase the probability of default are differentiated on the basis of portfolio and product group. In this manner, for the commercial portfolio, definition of increase in the probability of default is the comparison between the probability of default on loan's opening date, obtained from the integrated rating/score based on internal rating and probability of default of the same loan on reporting date, obtained from the integrated rating/score based on internal rating. For the individual portfolio, it is accepted that the probability of default is worsened in cases where the behavioral score falls below the thresholds determined on the basis of the product and the probability of default exceeds the thresholds determined on the basis of the product.

Stage 3:

Financial assets with sufficient and fair information for impairment at the reporting date, are classified in the third stage. Expected credit loss of these financial assets is measured at an amount equal to the lifetime expected credit loss. The following basic factors are considered for the classification of a financial asset in the third stage:

- More than 90 days past due
- Whether the credit rating is weakened, has suffered a significant weakness or cannot be collected or there is a certain opinion on this matter

While estimating the expected credit loss, statistical models, methods and tools are used in accordance with the relevant legislation and accounting standards. Expected credit loss is measured using reasonable and supportable information by taking current and forecasts of future economic information into consideration, including macroeconomic factors. Three scenarios, base scenario, optimistic scenario and the worst scenario, are used in forecasting studies made by macroeconomic models. The variables used in these macroeconomic estimates Industrial Production Index, Employment Ratio and Credit Default Swap indicators. The validity of the risk parameter estimates used in the calculation of expected credit losses is reviewed and evaluated at least annually within the framework of model validation processes. Macroeconomic forecasts and risk delinquency data used in risk parameter models are re-evaluated every quarter to reflect the changes in economic conjuncture and are updated if needed. In this framework, necessary updates were made in 2022. Except for demand or revolving loans, the maximum period for which expected credit losses are to be determined is the contractual life of the financial asset. For demand or revolving loans, maturity is determined by taking the future risk mitigation processes into account such as behavioral maturity analyses performed by the Bank and cancellation/revision of the Bank's credit limit.

While calculating the expected credit loss, aside from assessment of whether there is a significant increase in credit risk or not, basic parameters expressed as probability of default, loss given default and exposure at default are used.

Probability of Default: Represents the probability of default on the loan over a specified time period. In this context, the Bank has developed models to calculate 12-month and life-time default probabilities by using internal rating based credit rating models. As for the Group Companies historical probability of default data has also been observed.

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Loss Given Default (LGD): Defined as the damage caused by the default of borrower to the total balance of the exposure at the time of default. The LGD estimates are determined in terms of credit risk groups that are detailed in the Bank's data resources and system facilities. The model used for the estimation of the LGD was established by taking into account the direct cost items during the collection process, based on the historical data of the Bank's collection, cash flows are discounted at effective interest rates.

Exposure at Default: For cash loans, the cash balance at the date of report, for non-cash loans the balance calculated using the Credit Conversion Factor (CCF) is represented by Exposure at Default.

Credit Conversion Factor: Calculated for non-cash loans (undrawn limit for revolving loans, commitments, non-cash loans etc.) The historical limit usage data of the Bank for revolving loans are analyzed and the limit amount that can be used until the moment of default is estimated. For non-cash loans, the cash conversion ratio of the loan amount is estimated by analyzing the product type and the past compensation amount of the bank.

Credit risks, which require qualitative assessments due to their characteristics and differ by grouping in this manner, are considered as individual within the internal policies. Calculations are made by the method of discounted cash flows with the effective interest rate expected from the relevant financial instrument. Discounted cash flows are estimated for 3 different scenarios in which parameters are differentiated, and individual expected credit loss is calculated by taking into consideration the cash deficit amounts weighted according to probabilities.

As mentioned above, the Bank allocated expected credit losses by reflecting additional provisions through individual assessments performed for the customers that operates in sectors where the impact might be high in accordance with the Bank's risk policies.

Expected credit loss is reflected in the income statement. Released provisions in the current year are accounted under "Expected Credit Loss Expenses" and released provision which is carried from the prior year are accounted under "Other Operating Income".

Receivables evidenced through the Legal Process that collection is not possible can be written-off by fulfilling the requirements of the Tax Procedure Law. Besides, the loans for which specific provision is allocated and for which there is no reasonable expectation of recovery might be written-off.

IX. Offsetting Financial Instruments

Financial assets and financial liabilities shall be offset, and the net amount shall be presented in the balance sheet only when a party currently has a legally enforceable right to set off the recognized amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

X. Sale and Repurchase Agreements and Securities Lending Transactions

Marketable securities subject to repurchase agreements are classified under "Financial Assets at Fair Value through Profit and Loss", "Financial Assets at Fair Value through Other Comprehensive Income" or "Financial Assets Measured at Amortised Cost" in the Bank's portfolio and they are valued according to the valuation principles of the related portfolios.

Funds obtained from the repurchase agreements are recognized under "Funds from Repurchase Transactions" account in liabilities. For the difference between the sale and repurchase prices determined by the repo agreements for the period; expense accrual is calculated using the effective interest rate method.

Reverse repo transactions are recognized under the "Receivables from Reverse Repo Transactions" account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period; income accrual is calculated using the effective interest rate method.

XI. Non-current Assets Held for Sale and Discontinued Operations and Related Liabilities

Assets that meet the criteria to be classified as held for sale within the scope of "TFRS 5 – Non-current Assets Held for Sale and Discontinued Operations" are measured at the lower one of their fair value and their carrying amount which from the costs to sell are deducted and presented separately within the financial statements. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active programme to complete the plan should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of a bank that either has been disposed of or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement.

XII. Goodwill and Other Intangible Assets

As at the balance sheet date, there is no goodwill recorded in the unconsolidated balance sheet of the Bank.

The Bank's intangible assets consist of software programs. The purchased items are presented with their acquisition costs less the accumulated amortization and impairment provisions. In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of "TAS 36 – Impairment of Assets" and impairment provision is set aside in case the recoverable amount is below its acquisition cost.

The related assets are amortized by the straight-line method considering the estimated useful life. The amortization method and period are periodically reviewed at the end of each year.

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XIII. Tangible Assets

The Bank follows its real estates in use, which are recorded under tangible fixed assets, according to the revaluation model within the framework of "TAS 16 – Property, Plant and Equipment" since 2015. The positive difference between the net book value of real estate property values and the renewed expertise values which are determined by the licensed valuation in 2022, companies are recorded under the shareholders' equity.

In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of "TAS 36 – Impairment of Assets" and impairment provision is set aside in case the recoverable amount is below its acquisition cost.

Tangible assets other than the land and construction in progress are amortized at the straight-line method, according to their estimated useful lives. The estimated useful life, residual amount and the method of amortization are reviewed every year for the possible effects of the changes that occur in the estimates and if there is any change in the estimates, they are recognized prospectively.

Assets held under finance lease are depreciated over the expected useful life of the related assets.

Assets subject to leasing are depreciated according to relevant contract periods.

Leasehold improvements are amortized in equal amounts considering their useful life. However, in any case the useful life cannot exceed leasing term. When the lease period is not certain or longer than 5 years, the amortization period is recognized as 5 years.

The difference between the sales proceeds arising from the disposal of tangible assets or the inactivation of a tangible asset and the book value of the tangible assets are recognized in the income statement.

Regular maintenance and repair costs incurred for tangible assets are recognized as expense.

There are no pledges, mortgages and similar encumbrances on tangible assets.

The "Regulation on Procedures and Principles for the Trading of Precious Metals by Banks and the Disposal of Commodities and Real Properties acquired by Banks due to their Receivables" has been abolished by BRSA effective from January 1, 2017. Real properties acquired by Group due to their receivables and not treated in the scope of "TFRS 5 - Non-current Assets Held for Sale and Discontinued Operations" has been started to follow under "Other Assets" in accordance with the related accounting standard from the current period.

The depreciation rates used in amortization of tangible assets and their estimated useful lives are as follows:

	Tahmini Ekonomik Ömür (Yıl)	Amortisman Oranı
Binalar	50	%2
Kasalar	2-50	%2 - %50
Diğer Menkuller	2-25	%4 - %50

XIV. Leasing Transactions

Assets acquired through financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portion of the payables is recognized as a deferred amount of interest. Finance lease payments are separated as financial expense and principal amount payment, which provides a decrease in finance lease liability, thus helps a fixed rate interest on the remaining principal amount of the debt to be calculated. Within the context of the Bank's general borrowing policy, financial expenses are recognized in the income statement. Assets held under financial leases are recognized under the "Property, Plant and Equipment" account and are depreciated by using the straight-line method.

The Bank does not participate in the financial leasing transactions as a "lessor".

The Bank accounts its operating leases in accordance with the TFRS 16 "leases" standard. Operating leases within the framework of the aforementioned standard are monitored in a similar manner to financial leases. For the agreements within the scope of TFRS 16, the right of use asset and the lease payments are reflected to the financial statements and they are presented under "Tangible Assets" and "Liabilities from Financial Leases", respectively. The lease liability is calculated by discounting the future lease payments by the use of the Bank or alternative borrowing interest rates at the date of initial application or contract date. Fixed assets, which are accounted as right of use assets, are subject to depreciation considering the period of the contract. Interest expenses and foreign exchange differences related to the lease liabilities are associated with profit and loss statement.

XV. Provisions and Contingent Liabilities

As of the end of the reporting period, a past event is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists, the entity recognizes a provision in the financial statements. As of the end of the reporting period where it is more likely that no present obligation exists at the end of the reporting period, the entity discloses a contingent liability on footnotes unless the possibility of an outflow of resources embodying economic benefits is remote.

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled, and a reliable estimate can be made of the amount of the obligation.

Provisions are calculated based on the reliable estimates of management on the expenses to incur as of the balance sheet date to fulfill the liability by considering the risks and uncertainties related to the liability. In case the provision is measured by using the estimated cash flows required to fulfill the existing liability, the book value of the related liability is equal to the present value of the related cash flows.

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If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

XVI. Contingent Assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank. Since showing the contingent assets in the financial statements may result in the accounting of an income, which will never be generated, the related assets are not included in the financial statements, but if there is a possibility that an inflow of economic benefits of these assets may occur then it is explained in the footnotes of the financial statements. Nevertheless, the developments related to the contingent assets are constantly evaluated and if it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

XVII. Liabilities Regarding Employee Benefits

1. Severance Indemnities and Short-Term Employee Benefits

According to the related regulation and the collective bargaining agreements, the Bank is obliged to pay termination benefits for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or (for the female employees) who have voluntarily quit within one year after the date of their marriage. Within the scope of "TAS 19-Employee Benefits", the Bank allocates severance indemnity provisions for employee benefits by estimating the present value of the probable future liabilities. According to TAS 19, all actuarial gains and losses occurred are recognized under shareholder's equity. The Bank also allocates provision for the unused paid vacation.

2. Retirement Benefit Obligations

Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı ("İşbank Pension Fund"), of which each Bank employee is a member, has been established according to the provisional Article 20 of the Social Security Act No. 506. As per provisional article numbered 23 of the Banking Law numbered 5411, it is ruled that Bank pension funds, which were established within the framework of Social Security Act, will be transferred to the Social Security Institution, within 3 years after the publication of such law. Methods and principles related to transfer have been determined as per the Cabinet decision dated 30 November 2006 numbered 2006/11345. However, the related article of the act has been cancelled upon the President's application dated November 2, 2005, by the Supreme Court's decision dated March 22, 2007, numbered E.2005/39, K.2007/33, which was published on the Official Gazette dated March 31, 2007, and numbered 26479 and the execution decision was ceased as of the issuance date of the related decision.

After the justified decree related to cancelling the provisional Article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated December 15, 2007 and numbered 26731, Turkish Grand National Assembly started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 "Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws", which was published on the Official Gazette dated 8 May 2008 and numbered 26870, came into effect. The new law decrees that the contributors of the Bank pension fund, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three-year transfer period can be prolonged for maximum 2 years by the Cabinet decision. However related transfer period has been prolonged for 2 years by the Cabinet decision dated March 14, 2011, which was published on the Official Gazette dated April 9, 2011, and numbered 27900. In addition, by the Law "Emendating Social Security and General Health Insurance Act", which was published on the Official Gazette dated March 8, 2012 and numbered 28227, this period of 2 years has been raised to 4 years after that related transfer period has been prolonged for one more year by the Cabinet decision dated April 8, 2013, which was published on the Official Gazette dated 3 May 2013 and numbered 28636 also this period has revalidated one more year by the Cabinet decision dated February 24, 2014, which was published on the Official Gazette dated April 30, 2014 and numbered 28987. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the "Occupational Health and Safety Law and Other Laws and Decree Laws" published in the Official Gazette dated April 23, 2015, and numbered 29335. This authority was transferred to the President with the delegated legislation No.703 which was published in the repetitive Official Gazette No. 30473 dated July 9, 2018.

On the other hand, the application made on 19 June 2008 by the Republican People's Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the afore-mentioned court on 30 March 2011.

The aforementioned Law also states that;

- Through a commission constituted by the attendance of one representative separately from the Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization, Banking Regulation and Supervision Agency, Savings Deposit Insurance Fund, one from each pension fund, and one representative from the organization employing pension fund contributors, related to the transferred persons, the cash value of the liabilities of the pension fund as of the transfer date will be calculated by considering their income and expenses in terms of the lines of insurance within the context of the related Law, and technical interest rate of 9.8% will be used in the actuarial calculation of the value in cash,
- And that after the transfer of the pension fund contributors, the ones who receive salaries or income from these funds and their rightful beneficiaries to the Social Security Institution, these persons' uncovered social rights and payments, despite being included in the trust indenture that they are subject to, will be continued to be covered by the pension funds and the employers of pension fund contributors. .

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In line with the new law, the Bank obtained a technical actuarial valuation report from the licensed actuary for the year ended December 31, 2022. In related period's financial statements, Bank provided full provision for the total amount of technical and actual deficit stated in the actuarial report of the aforementioned period. The actuarial assumptions used in the related actuarial report are given in Section Five Note II-i-4.1.

İşbank Members' Supplementary Pension Fund has been founded to provide beneficiaries with additional social security and solidarity rights to compulsory social security benefits as per the provisions of the Turkish Commercial Code and Turkish Civil Code.

XVIII. Taxation

1. Corporate Tax:

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

As per the Corporate Tax law, temporary tax is calculated and paid quarterly in line with the principles of the Income Tax Law and at the corporate tax rate. The temporary tax payments are deducted from the current period's corporate tax. The 4th provisional tax for the year 2022 will be paid in February 2023 for to be deducted from the corporate tax of the current taxation period.

Tax expense consists of current tax and deferred tax. The current tax liability is calculated over the portion of the period subject to taxation. The taxable profit differs from the profit stated in the income statement, as the income and expense items that can be taxable or deductible at other periods, and items that are not taxable or deductible are excluded. The current tax amounts payable is netted off with prepaid tax amounts and presented on the financial statements.

Within the framework of the Corporate Tax Law numbered 5520, 75% of the gains on the sale of the participation shares, which were held in the assets for a minimum of 2 whole years and 75% of the gains on the sale of immovable are exempt from tax provided that they are added to the capital as set forth by the Law or that they are kept in a special fund under liabilities for a period of 5 years. However, in accordance with Article 89 / a of the Law No. 7061 and Article 5.1.e and Article 5.1.f of the Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017, and numbered 30261, the 75% applied in terms of immovable sales mentioned above has been reduced to 50% which is effective from the date of publication of the Law.

In accordance with the provision of Article 298 / A of the Tax Procedure Law, the necessary conditions for inflation adjustment in the calculation of corporate tax as of the end of the 2021 calendar year have been met. However, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023 with the regulation made with the "Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law" numbered 7352 published in the Official Gazette dated 29.01.2022 and numbered 31734. Accordingly, VUK (Tax Procedure Law) financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, will not be subject to inflation adjustment, and the 2023 accounting period will not be subject to inflation adjustment as of the temporary tax periods. will be subject to inflation adjustment regardless.

2. Deferred Tax:

Deferred tax asset or liability is determined by calculating the tax effects of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts considered in the legal tax base account, by taking the legal tax rates into account. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Free provisions that are allocated for possible future risks are not subject to deferred tax calculation. No tax assets or liabilities are recognized for the temporary timing difference that affects neither the taxable profit nor the accounting profit and that arises from the initial recognition in the balance sheet, of assets and liabilities, other than the goodwill and mergers. The Bank calculates deferred tax for the provisions allocated for Stage 1 and Stage 2 expected credit loss.

The carrying values of deferred tax assets are reviewed at each balance sheet date and 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 is measured at enacted tax rates prevailing in the period or about to be enacted when the assets are realized or liabilities are settled, and the tax is recognized as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts.

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

Deferred tax assets and liabilities are shown in financial tables by way of offsetting.

3. Tax Practices in the Countries that Foreign Branches Operate:

Turkish Republic of Northern Cyprus (TRNC)

In accordance with TRNC tax legislation, 15% income tax is accrued on the remaining tax base after 10% corporate tax is deducted from corporate income. The tax bases for companies are determined by adding the expenses that cannot be deducted according to TRNC regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. Income tax is paid in June, and corporate tax payment is made in two equal installments, in May and in October. On the other hand, withholding tax is paid in TRNC over interest income and similar gains of the companies. The related withholding tax payments and provisional tax paid every quarter during the year are deducted from corporate tax payable and the difference between withholding and provisional tax amounts and corporate tax payable is discounted from income tax provided that the withholding tax and paid provisional tax amounts are higher than corporate tax amount.

England

Corporate earnings are subject to 19% corporate tax in England. The relevant rate is applied to the tax base that is determined by adding the expenses that cannot be deducted due to the regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. In other respect, if the tax base calculated in accordance with the country legislation is within a certain range, the temporary corporate tax is paid in July, October of the relevant year and in January and April of the following year; If it is over a certain amount, it is paid in 4 installments in March, June, September and December of the relevant year. The corporate tax amount must be finalized and paid by the end of September of the year following the year of profit. In case the corporate tax payable as a result of the calculation is below the temporary taxes paid, the difference amount is deducted later or paid back to the Branch by the authority.

Bahrain

Banks in Bahrain are not subject to tax according to the regulations of the country.

The Republic of Iraq (Iraq)

The corporate tax rate in Iraq is 15%, and the corporate tax is paid on a consolidated basis to the tax office of the foreign bank's central branch. The first branch established in Iraq is considered as the central branch. Foreign bank branches whose central branch is within the boundaries of the Central Government must submit their consolidated financial statements to the relevant tax office by the end of May of the following year, and branches of foreign banks whose central branch is within the boundaries of the Northern Iraq Regional Government by the end of June of the following year at the latest and must pay the tax. Northern Iraq Regional Government tax offices can accrue fixed taxes other than the specified rate and can postpone the last payment period.

Kosovo

Corporate earnings are subject to income tax rate of 10% according to the Kosovo legislation. This ratio is applied to the tax base that will be calculated as a result of the implementation of exemptions, deductions, addition of disallowable expenses, to the corporate income and that are calculated in accordance with the tax laws. Tax has to be paid in advance until April, July, October and the 15th day of January of the following year by four installments. If those prepaid taxes are lower than the final corporate tax, the difference is paid until the end of March of the following year, in case of a claim made by the company, if it is higher, then the difference is returned to the institution by the tax authorities after the inspection conducted by those institutions.

4. 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 according to article 11 of Corporate Tax Law in means of corporate tax.

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XIX. Borrowings

The Bank, whenever required, generates funds from individuals and institutions residing domestically and abroad by approaching the borrowing instruments in the form of syndication, securitization, collateralized borrowing and issue of bonds/bills. Such transactions are at first carried at acquisition cost, and in the following periods they are valued at amortized cost measured by using the effective interest rate method.

XX. Equity Shares and Their Issuance

Share issuance related to costs is recognized as expenses.

Dividend income related with the equity shares are determined by the General Assembly of the Shareholders.

Weighted average number of shares outstanding is taken into account in the calculation of earnings per share. In case the number of shares increases by way of bonus issues as a result of the capital increases made by using the internal sources, the calculation of earnings per share is made by adjusting the weighted average number of shares, which were previously calculated as at the comparable periods. The adjustment means that the number of shares used in calculation is taken into consideration as if the bonus issue occurred at the beginning of the comparable period. In case such changes in the number of shares occur after the balance sheet date, but before the ratification of the financial statements to be published, the calculation of earnings per share are based on the number of new shares. The Bank's earnings per share calculations taking place in the income statement are as follows:

	Current Period	Prior Period
Profit distributable to shareholders	61,537,880	13,467,895
Weighted average number of share certificates (Thousand figure)	250,002,250	250,002,250
Earnings per share – (in full TL)	0.246149305	0.053871095

XXI. Bank Acceptances and Bills of Guarantee

Bill guarantees and acceptances are realized simultaneously with the customer payments, and they are presented as possible liabilities and commitments in the off-balance sheet accounts.

XXII. Government Incentives

There are no government incentives utilized by the Bank, during the current or prior accounting periods.

XXIII. Segment Reporting

Business segment is the part of an enterprise,

- which conducts business operations where it can gain revenues and make expenditures (including the revenues and expenses related to the transactions made with the other parts of the enterprise),
- whose operating results are regularly monitored by the authorities with the power to make decisions related to the operations of the enterprise in order to make decisions related to the funds to be allocated to the segment and to evaluate the performance of the segment, and
- which has its separate financial information.

Information on the Bank's business segmentation and related information is explained in Section IV, Note XII.

XXIV. Other Disclosures

None.

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

SECTION FOUR: INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Explanations on Shareholders' Equity

The capital adequacy standard ratio of the bank is 24.36%. (31.12.2021: 20.36%). The capital adequacy standard ratio has been calculated on the basis of the Regulation on Shareholder's Equity of Banks, the Regulation on Measurement and Assessment of Capital Adequacy of Bank and other legal regulations related with BRSA decisions dated 21.12.2021, numbered 9996 and dated 28.04.2022, numbered 10188. Within the scope of the BRSA decisions, the amount subject to credit risk has been calculated by using the CBRT exchange rates as of 31.12.2021, and the shareholders' equity has been calculated without taking into account the negative effects of financial assets in the portfolio of "Financial Assets Through Other Comprehensive Income" as of 21.12.2021.

	Prior Period	Current Period
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	11.615.938	6.115.938
Share Premium	109.156	109.148
Legal Reserves	57.746.955	45.454.002
Other Comprehensive Income according to TAS	68.855.410	23.175.203
Profit	61.703.346	18.882.481
Net Current Period Profit	61.537.880	13.467.895
Prior Period Profit	165.466	5.414.586
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit		
Common Equity Tier I Capital Before Deductions	200.030.805	93.736.772
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9, (i) of the Regulation on Bank Capital		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS	3.343.330	1.434.150
Leasehold improvements on operational leases	97.709	48.823
Goodwill Netted with Deferred Tax Liabilities		
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	3.201.916	1.561.603
Remaining after deducting from the related deferred tax liability with the deferred tax asset based on future taxable income, except for deferred tax assets based on temporary differences		
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting		
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach		
Securitization gains		
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness		
Net amount of defined benefit plans		
Direct and Indirect Investments of the Bank on its own Tier 1 Capital	530.307	530.307
Shares Obtained against Article 56, Paragraph 4 of the Banking Law		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Mortgage servicing rights (amount above 10% threshold)		
Net Deferred Tax Assets arising from Temporary Differences Exceeding the Threshold of Tier I Capital		
Amount Exceeding the 15% Threshold of Tier 1 Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks		
The Portion of Net Long Position of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns 10% or more of the Issued Share Capital not deducted from Tier 1 Capital		
Excess Amount arising from Mortgage servicing rights		
Excess Amount arising from Deferred Tax Assets from Temporary Differences		
Other items to be defined by the regulator		
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals		
Total Deductions from Common Equity Tier I Capital	7.173.262	3.574.883

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	Prior Period	Current Period
Total Common Equity Tier I Capital	192.857.543	90.161.889
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		
Additional Tier I Capital before Deductions		
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)		
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation		
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital		
Other items to be Defined by the regulator		
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		
Net Deferred Tax Asset/Liability not deducted from Tier 1 Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)		
Total Deductions from Additional Tier I Capital		
Total Additional Tier I Capital		
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	192.857.543	90.161.889
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	25.342.500	18.606.250
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		1.046.800
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	10.893.301	6.512.019
Tier II Capital Before Total Deductions	36.235.801	26.165.069
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)		
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation		
The Total of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)		
The Total of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)		
Other items to be Defined by the regulator (-)		
Total Deductions from Tier II Capital		
Total Tier II Capital	36.235.801	26.165.069
Total Equity (Total Tier I and Tier II Capital)	229.093.344	116.326.958
Deductions from Total Equity (Tier I Capital and Tier II Capital)	2.650	1.274
Loans Granted against the Articles 50 and 51 of the Banking Law	2.650	1.194
Net Book Values of Movables and Immovable's Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years		
Other items to be Defined by the regulator		80
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		

Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

	Prior Period	Current Period
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation		
The Portion of Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% of the Issued Share Capital, Deferred tax assets based on temporary differences and the right to offer mortgage as per the Temporary Article 2, Clause 1, Sub Clause 1 and 2 of the Regulation		
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	229.090.694	116.325.684
Total Risk Weighted Assets	940.288.051	571.357.082
CAPITAL ADEQUACY RATIOS		
Common Equity Tier I Capital Ratio (%)	20,51	15,78
Tier I Capital Ratio (%)	20,51	15,78
Capital Adequacy Ratio (%)	24,36	20,36
BUFFERS		
Total Additional Common Equity Requirement Ratio (a+b+c)	2,56	2,56
a) Capital Conservation Buffer Ratio (%)	2,50	2,50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,06	0,06
c) Systematic Important Bank Buffer Ratio (%)	0	0
Additional Common Equity Tier I Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	14,51	9,78
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital		
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	385.225	280.196
Remaining Mortgage Servicing Rights		
Net Deferred Tax Assets arising from Temporary Differences		2.557.610
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	16.381.640	15.233.222
General Loan Provisions for Exposures in Standard Approach Limited by 1,25% of Risk Weighted Assets	10.893.301	6.512.019
Total Loan Provision that Exceeds Total Expected Loss Calculated According to the Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach		
Total Loan Provision that Exceeds Total Expected Loss Calculated According to the Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets		
Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018-1 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4		
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit		
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4		1.046.800
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit		17.272.200

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

Information on Subordinated Liabilities:			
Issuer	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	US900151AF84 - XS1003016018	US90016BAF58 – XS1623796072	XS2106022754
Governing law(s) of the instrument	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks’ Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks’ Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks’ Equity.
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible at unconsolidated/consolidated	Unconsolidated -Consolidated	Unconsolidated -Consolidated	Unconsolidated -Consolidated
Instrument type	Bond	Bond	Bond
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)		9,325	13,988
Par value of instrument	7,460	9,325	13,988
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	10.12.2013	29.06.2017	22.01.2020
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 Years	11 Years	10 Years
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	The Bank: (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.	The Bank has the option to repay all of the related bonds on June 29, 2023 provided that subject to having obtained the prior approval of the BRSA. The Bank: (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.	The Bank has the option to repay all of the related bonds on January 22, 2025 provided that subject to having obtained the prior approval of the BRSA. The Bank: (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.
Subsequent call dates, if applicable	None.	None.	None.
Coupons / dividends			
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
Coupon rate and any related index	7.85 %	7 %	7.75 %
Existence of a dividend stopper	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	None.	None.	None.
Existence of step up or other incentive to redeem	None.	None.	None.
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None.	None.	None.

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

If convertible, conversion trigger (s)			
If convertible, fully or partially			
If convertible, conversion rate			
If convertible, mandatory or optional conversion			
If convertible, specify instrument type convertible into			
If convertible, specify issuer of instrument it converts into			
Write-down feature	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.
If write-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable).	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable)
If write-down, full or partial	Partially or completely	Partially or completely	Partially or completely
If write-down, permanent or temporary	Permanent	Permanent	Permanent
If temporary write-down, description of write-up mechanism			
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.
Incompliance with article number 7 and 8 of "Own fund regulation"	Yes	Yes	Yes
Details of incompliances with article number 7 and 8 of "Own fund regulation"	To vest conditions stated in clause of the Article 8 and don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and don't vest the conditions stated in clause of the Article 7.

Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

Issuer	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	TRSTISB72712	TRSTISB62911	TRSTISB92918
Governing law(s) of the instrument	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.
Taking into account in equity calculation			
Subject to 10% deduction as of 1/1/2015	No	No.	No
Eligible at unconsolidated / consolidated	Unconsolidated – Consolidated	Unconsolidated - Consolidated	Unconsolidated – Consolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting data)	880	800	350
Nominal value of instrument (TL Million)	1,100	800	350
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	08.08.2017	19.06.2019	26.09.2019
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 Years	10 Years	10 Years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity
Subsequent call dates, if applicable	None.	None.	None.
Interest/Dividend Payment			
Fixed or floating coupon/dividend payments	Floating	Floating	Floating
Coupon rate and any related index	Government Debt Security for 5 years + 350 base points	Turkish Lira Overnight Reference Interest Rate (TLREF) + 193 base points	Government Debt Security for 5 years + 350 base points
Existence of a dividend stopper	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	None.	None.	None.
Existence of step up or other incentive to redeem	None.	None.	None.
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible into equity shares	None.	None.	None.
If convertible, conversion trigger (s)			
If convertible, fully or partially			
If convertible, conversion rate			
If convertible, mandatory or optional conversion			
If convertible, specify instrument type convertible into			
If convertible, specify issuer of instrument it converts into			

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Write-down feature	In accordance with Regulations on Equities of Banks, Article 8 (2) (ğ), bonds have deleted option from records.	In accordance with Regulations on Equities of Banks, Article 8 (2) (ğ), bonds have deleted option from records.	In accordance with Regulations on Equities of Banks, Article 8 (2) (ğ), bonds have deleted option from records.
If write-down, write-down trigger(s)	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.
If bond can be written-down, full or partially	Partially or Completely	Partially or Completely	Partially or Completely
If bond can be written-down, permanent, or temporary	Permanent	Permanent	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)	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.
Incompliance with article number 7 and 8 of Regulation on Bank Capital	Yes.	Yes.	Yes.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	To vest conditions stated in clause of the Article 8 and don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and don't vest the conditions stated in clause of the Article 7.

Explanations on the reconciliation of amounts on the equity items statement and amounts on the balance sheet:

Current Period	Carrying Amount	Amounts in Equity
Calculation (*)	191.376,075	196.157,168
Shareholders' equity	191,376,075	196,157,168
Leasehold improvements on operational leases	97,709	(97,709)
Goodwill and intangible assets	3,514,433	(3,201,916)
Provision	16,381,640	10,893,301
Subordinated debt	33,558,745	25,342,500
Deductions from shareholders' equity	2,650	(2,650)
Capital		229,090,694

(*) The related amounts are calculated in accordance with "Regulation on Equities of Banks". In this context, part of the expected credit loss of stage 1 and stage 2 up to 1.25 % of amount subject to credit risk, part; subordinated loans according of the regulation, have been taken into consideration in equity calculation. On the other hand, in the calculation, the amount of equity calculated in accordance with the regulation dated 21.12.2021 and numbered 9996 of the BRSA and the amount based on the credit risk calculated in accordance with the regulation were used dated 28.04.2022 and numbered 10188.

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II. Explanations on Credit Risk

1. Credit risk is defined as the possibility of incurring loss where the counterparty in a transaction, partially or completely fails to meet its contractual obligations in due time in an agreement with the Bank.

The Bank's position against the credit risk limits defined by the current legislation is monitored by the Board. Within this framework, loans extended to Risk Groups and the Bank's Risk Group, including the Bank; loans in high amounts and limitations regarding the shares in participations are monitored according to the limits determined in connection with the size of the shareholders' equity.

Credit risk limits of customers are determined depending on the financial situation and loan requirements of the borrowers, in strict compliance with the relevant banking legislation, within the framework of loan authorization limits of Branches, Regional Offices, Loan Divisions, the Deputy Chief Executives responsible for loans, the CEO, the Credit Committee and Board of Directors. These limits may be changed as may be deemed necessary by the Bank. Moreover, all commercial credit limits are revised periodically, provided that each period does not exceed a year. Furthermore, the borrowers and borrower groups forming a large proportion of the overall placement are subject to risk limits in order to provide further minimization of potential risk.

The geographical distribution of borrowers is consistent with the concentration of industrial and commercial activities in Turkey.

The distribution of borrowers by sector is monitored closely for each period and sectoral risk limits have been determined to prevent concentration of risk in sectoral sense.

The credit-worthiness of customers is monitored on a consistent basis by using company rating and scoring models specially developed for this purpose, and the audit of statements of account received is assured to have been made in accordance with the provisions as stipulated by the relevant legislation.

Utmost importance is given to ensure that loans are furnished with collaterals. Allocation decision, by the definition of credit risk, is not based on the assumption of collaterals can be liquidized. Most of the loans extended are collateralized by taking real estate, movable or commercial enterprise under pledge, promissory notes and other liquid assets as collateral, or by acceptance of bank letters of guarantee and individual or corporate guarantees. Jurisdictional applicability of collaterals in default, time required to convert to money and ability to maintain expected values are taken into consideration from the beginning of the credit allocation process. Most of the loans are collateralized by the receipt of real estate and securities pledge, commercial enterprise pledge, exchange notes and other liquid securities receivables, bank letters of guarantees and surety of other persons and institutions. It is an important element of the credit policy that disinclude concentration on collaterals.

Non-performing and impaired loans has been classified in accordance with the "TFRS 9-Financial Instruments" and BRSA's "Regulation on Procedures and Principles for Classification of Loans and Provisions to be set aside". The detailed descriptions of these methods correspond with accounting practices, are included in Section Three Note VIII.

Credit risk is the risk reduction effects without taking into consideration the total amount of exposures after offsetting transactions with different risk classes according to the types and amounts of disaggregated risks are listed below the average for the period.

Amount subject to credit risk (*)	Current Period Risk Amount	Average Risk Amount (**)
Risk Classifications		
Exposures to central governments or central banks	412,015,045	361,971,573
Exposures to regional governments or local authorities	192,167	253,333
Exposures to administrative bodies and non-commercial undertakings	162,638	200,691
Exposures to multilateral development banks	738,079	539,782
Exposures to international organizations		
Exposures to banks and brokerage houses	42,605,601	46,747,325
Corporates exposures	439,505,721	407,329,369
Retail exposures	186,833,240	149,622,525
Exposures secured by residential real estate property	34,914,774	29,390,397
Exposures secured by commercial real estate property	32,744,712	30,784,430
Past due items	5,925,237	6,069,248
Items in regulatory high-risk categories	92,007,097	61,269,907
Exposures in the form of bonds by mortgages		
Short term exposures to banks, brokerage houses and corporates		
Exposures in the form of collective investment undertakings	2,646,881	2,128,314
Other items	61,766,665	42,054,606
Share Certificate Investment	78,246,112	56,376,943

(*) Risk amounts after the credit conversions and the effects of credit risk mitigation

(**) Average risk amounts are the arithmetical average of the amounts in quarterly reports prepared.

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2. There are certain control limits on forward transactions in terms of counter parties, and the risks taken for derivative instruments are evaluated along with other potential risks resulting from the market fluctuations.

3. As a result of the current level of customers’ needs and the progress in the domestic market in this particular area, the Bank uses derivative transactions either for hedging or for commercial purposes. Derivative instruments with a remarkable volume are monitored with consideration that they can always be liquidated in case of need.

4. Indemnified non-cash loans are considered as having the same risk weights as unpaid cash loans.

The rating and scoring systems applied by the Bank, includes detailed company analysis and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system. Specialized loans are evaluated by a special rating system, which is based on the credibility of the counterparty as well as the feasibility and risk analysis of the cash flows created mainly by the projects undertaken or the asset financed.

5. Lending transactions abroad are conducted by determining the country risks of related countries within the context of the current rating system and by taking the market conditions, country risks, and the relevant legal limitations into account. Furthermore, the credibility of banks and other financial institutions established abroad is examined within the framework of the ratings that are determined by rating agencies and backed with CDS-IR (based on credit default swap) ratings and credit limits are assigned to the related banks and financial institutions accordingly.

- 6.
- i. (i) The share of the Bank’s receivables from the top 100 and 200 cash loan customers in the overall cash loan portfolio stands at 28%, 36%, respectively (December 31, 2021: 31%, 39%).
 - ii. (ii) The share of the Bank’s receivables from the top 100 and 200 non-cash loan customers in the overall non-cash portfolio stands at 42%, 54% respectively (December 31, 2021: 44%, 57%).
 - iii. (iii) The share of the Bank’s cash and non-cash receivables from the top 100 and 200 loan customers in the overall cash and non-cash loans stands at 19%, 25%, respectively (December 31, 2021: 18%, 24%).

Companies that are among the top loan customers ranked according to cash, non-cash and total risks are leaders in their own sectors, the loans advanced to them are in line with their volume of industrial and commercial activity. A significant part of such loans is extended on a project basis, with their repayment sources being analyzed in accordance with the banking principles to be considered as satisfactory and associated risks are determined and duly covered by obtaining appropriate guarantees when deemed necessary.

7. The total value of the stage 1 and stage 2 expected credit loss allocated for credit risk stands at TL 15,381,907 (December 31, 2021: TL 14,511,914).

8. The Bank measures the quality of its loan portfolio by applying different rating/scoring models on cash commercial/corporate loans, retail loans and credit cards. The breakdown of the rating/scoring results, which are classified as “Strong”, “Standard” and “Below Standard” by considering their default features, is shown below.

The loans whose borrowers’ capacity to fulfill their obligations is very good, are defined as “Strong”, whose borrowers’ capacity to fulfill its obligations in due time is reasonable, are defined as “Standard” and whose borrowers’ capacity to fulfill their obligations is poor, are defined as “Below Standard”.

	Current Period	Prior Period
Strong	50.00%	45.06%
Standard	44.71%	49.68%
Below Standard	5.29%	5.26%

The table data comprises behavior rating/scoring results.

9. The net values of the collateral of the closely monitored loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period			Prior Period		
	Personal	Commercial and Corporate	Credit Cards	Personal	Commercial and Corporate	Credit Cards
Real Estate Mortgage (*)	1,227,513	8,211,635		1,085,464	8,038,098	
Cash Collateral (Cash, securities pledge, etc.)	47,812	478,666		48,643	248,190	
Pledge on Wages and Vehicles	3,092,378	369,527		2,344,742	331,996	
Cheques & Notes		1,907			499	
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	456,308	33,996,002		450,396	33,902,536	
Non-collateralized	7,029,998	11,101,472	3,941,709	3,411,382	7,588,212	2,206,344
Total	11,854,009	54,159,209	3,941,709	7,340,627	50,109,531	2,206,344

(*) The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collateral in expertise reports; and after comparing the results to the mortgage/pledge amounts and loan balances, the smallest figures are considered to be the net value of collateral.

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10. The net values of the collateral of non-performing loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period		Prior Period	
	Net Value of the Collateral	Loan Balance	Net Value of the Collateral	Loan Balance
Real Estate Mortgage (*)	5,485,809	5,485,809	5,444,533	5,444,533
Cash Collateral	1,854	1,854	657	657
Vehicle Pledge	253,411	253,411	263,607	263,607
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	8,010,972	8,010,972	6,716,113	6,716,113

(*) The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collateral in expertise reports, and after comparing the results to the mortgage/pledge amounts and loan balances the smallest figures are considered to be the net value of collateral.

11. The aging analysis of the receivables past due but not impaired in terms of financial asset classes, is as follows:

Current Period (*)	31-60 Days (**)	61-90 Days (**)(***)	Total
Loans			
Corporate / Commercial Loans	173,399	184,153	357,552
Consumer Loans	229,331	128,202	357,533
Credit Cards	452,940	184,076	637,016
Total	855,670	496,431	1,352,101

(*) The loans classified as closely monitored that are not past due or past due for less than 31 days is TL 66,101,064.

(**) Related figures show only overdue amounts of installment based commercial loans and installment-based consumer loans; the principal amounts of the loans which are not due as of the balance sheet date are equal to TL 854,981 and TL 1,646,781 respectively.

Prior Period (*)	31-60 Days (**)	61-90 Days (**)	Total
Loans			
Corporate / Commercial Loans	79,196	689,714	768,910
Consumer Loans	155,537	70,167	225,704
Credit Cards	393,119	204,307	597,426
Total	627,852	964,188	1,592,040

(*) The loans classified as closely monitored that are not past due or past due for less than 31 days is TL 55,682,522.

(**) Related figures show only overdue amounts of installment based commercial loans and installment-based consumer loans; the principal amounts of the loans which are not due as of the balance sheet date are equal to TL 1,185,836 and TL 1,196,104 respectively.

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12. Profile of significant exposures in major regions

Current Period	Domestic	European Union	OECD Countries (**)	Off-Shore Banking Regions	USA, Canada	Other Countries	Investments in Associates, Subsidiaries and Jointly Controlled Entities	Undistributed Assets/ Liabilities (***)	Total
Risk Sınıfları (*)									
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	402,885,482	10			1,136,971	7,992,582			412,015,045
Contingent and Non-Contingent Receivables from Regional Government or Domestic Government	192,141					26			192,167
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	162,503					135			162,638
Contingent and Non-Contingent Receivables from Multilateral Development Banks		657,915	80,164						738,079
Contingent and Non-Contingent Receivables from International Organizations									
Contingent and Non-Contingent Receivables from Banks and Intermediaries	11,041,637	17,319,637	9,787,728	5,715	1,795,520	2,655,364			42,605,601
Contingent and Non-Contingent Corporate Receivables	423,592,178	1,501,506	3,307,863	1,801,982	7,132	9,295,060			439,505,721
Contingent and Non-Contingent Retail Receivables	184,286,264	419,021	219,733	2,824	73,339	1,832,059			186,833,240
Contingent and Non-Contingent Receivables Secured by Residential Property	66,393,260	246,958	58,801	3,294	65,415	891,758			67,659,486
Non-Performing Receivables	5,836,531	75,939	4,709	1	1,917	6,140			5,925,237
Receivables are identified as high risk by the Board	90,985,138	164,594	34,256	437	18,387	804,285			92,007,097
Secured Marketable Securities									
Short-term Receivables and Short-term Corporate Receivables from Banks and Intermediaries									
Investments as Collective Investment Institutions	2,646,881								2,646,881
Other Receivables	61,610,586	93,188	62,891						61,766,665
Share Certificate Investments							78,246,112		78,246,112
Total	1,249,632,601	20,478,768	13,556,145	1,814,253	3,098,681	23,477,409	78,246,112		1,390,303,969

(*) Risk amounts after the credit conversions and the effects of credit risk mitigation

(**) OECD countries other than EU countries, USA and Canada

(***) Assets and liabilities that are not consistently allocated.

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Prior Period	Domestic	European Union	OECD Countries (**)	Off-Shore Banking Regions	USA, Canada	Other Countries	Investments in Associates, Subsidiaries and Jointly Controlled Entities	Undistributed Assets/ Liabilities (***)	Total
Risk Groups (*)									
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	260,247,872	393			1,136,972	3,328,635			264,713,872
Contingent and Non-Contingent Receivables from Regional Government or Domestic Government	342,280					28			342,308
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	587,534					74			587,608
Contingent and Non-Contingent Receivables from Multilateral Development Banks			299,645						299,645
Contingent and Non-Contingent Receivables from International Organizations									
Contingent and Non-Contingent Receivables from Banks and Intermediaries	5,913,906	16,832,796	8,512,787	1,405	4,209,839	1,639,272			37,110,005
Contingent and Non-Contingent Corporate Receivables	294,656,816	982,718	2,629,437	652,920	3,369	7,349,672			306,274,932
Contingent and Non-Contingent Retail Receivables	124,213,264	245,659	143,404	1,545	37,789	1,532,929			126,174,590
Contingent and Non-Contingent Receivables Secured by Residential Property	51,549,305	212,708	45,683	85	34,547	653,554			52,495,882
Non-Performing Receivables	6,653,184	127,476	4,330		1,349	4,720			6,791,059
Receivables are identified as high risk by the Board	23,255,664	92,613	12,713	1,377	13,994	267,888			23,644,249
Secured Marketable Securities									
Short-term Receivables and Short-term Corporate Receivables from Banks and Intermediaries									
Investments as Collective Investment Institutions	1,586,280								1,586,280
Other Receivables	26,581,561	110,895	455,605						27,148,061
Equity Investments							38,685,526		38,685,526
Total	795,587,666	18,605,258	12,103,604	657,332	5,437,859	14,776,772	38,685,526		885,854,017

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(**) OECD countries other than EU countries, USA and Canada

(***) Assets and liabilities that are not consistently allocated

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13. Risk profile by sectors or counterparties:

Current Period									Current Period									
Bank									Bank									
	(1) (**)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	(11)	(12)	(13)	(14)	TP	YP	Toplam
Sectors/Counterparty (*)																		
Agricultural	93,906		548				4,183,233	8,691,911		1,075,738	31,259	553,141				12,190,025	2,439,711	14,629,736
Farming and Raising Livestock	74,933		509				2,551,173	8,587,676		996,712	29,950	525,557				11,978,255	788,255	12,766,510
Forestry	6,232		39				47,717	49,604		7,850	48	2,794				112,758	1,526	114,284
Fishing	12,741						1,584,343	54,631		71,176	1,261	24,790				99,012	1,649,930	1,748,942
Industry	3,823,813	4,736	684				194,041,164	16,152,449		10,756,512	2,923,022	11,171,508			38,975,666	134,008,658	143,840,896	277,849,554
Mining	114,809						7,519,636	344,410		215,983	33,347	596,844				3,510,047	5,314,982	8,825,029
Production	3,706,023						130,801,547	15,457,417		10,274,920	600,420	8,243,242			38,975,666	115,952,180	92,107,055	208,059,235
Electricity, gas, and water	2,981	4,736	684				55,719,981	350,622		265,609	2,289,255	2,331,422				14,546,431	46,418,859	60,965,290
Construction	1,164,101		2,590				39,388,147	8,275,169		5,934,700	725,665	2,596,574				29,286,334	28,800,612	58,086,946
Services	160,594,874		151,510	738,079		42,552,620	173,836,986	70,181,182		29,303,613	1,081,112	18,197,550	2,646,881	219,861	38,205,021	238,646,977	299,062,312	537,709,289
Wholesale and Retail Trade	1,692,011						66,774,252	41,379,410		15,017,732	393,241	11,821,824			155,804	103,540,526	33,693,748	137,234,274
Hotel, Food and Beverage Services	250,673						8,905,512	3,865,158		3,348,572	235,959	622,515				9,420,483	7,807,906	17,228,389
Transportation and Telecommunication	5,883,279						41,245,490	17,131,538		3,325,512	329,027	2,476,054			117,093	31,896,624	38,611,369	70,507,993
Financial Institutions	152,530,460		1	738,079		42,552,620	37,923,673	927,707		1,078,824	1,582	241,386	2,646,881	219,861	30,745,473	68,372,103	201,234,444	269,606,547
Real Estate and Renting Services	23,874		53,777				6,976,383	2,580,301		4,083,656	69,464	1,741,720			7,186,651	16,140,063	6,575,763	22,715,826
Self-Employment Services	59,050		94,221				979,005	1,653,049		511,512	39,514	407,104				3,288,932	454,523	3,743,455
Education Services	32,985		3,266				946,468	621,282		1,098,580	4,865	394,012				1,613,471	1,487,987	3,101,458
Health and Social Services	122,542		245				10,086,203	2,022,737		839,225	7,460	492,935				4,374,775	9,196,572	13,571,347
Other	246,338,351	187,431	7,306			52,981	28,056,191	83,532,529		20,588,923	1,164,179	59,488,324		61,546,804	1,065,425	433,057,380	68,971,064	502,028,444
Total	412,015,045	192,167	162,638	738,079		42,605,601	439,505,721	186,833,240		67,659,486	5,925,237	92,007,097	2,646,881	61,766,665	78,246,112	847,189,374	543,114,595	1,390,303,969

(1) Contingent and non-contingent exposures to central governments or central banks

(2) Contingent and non-contingent exposures to regional governments or local authorities

(3) Contingent and non-contingent exposures to administrative bodies and non-commercial undertakings

(4) Contingent and non-contingent exposures to multilateral development banks

(5) Contingent and non-contingent exposures to international organizations

(6) Contingent and non-contingent exposures to banks and brokerage houses

(7) Contingent and non-contingent corporate receivables

(8) Contingent and non-contingent retail receivables

(9) Contingent and non-contingent exposures secured by real estate property

(10) Past due receivables

(11) Receivables in regulatory high-risk categories

(12) Other receivables

(13) Share Certificate Investments

(14) Stock Investments

(*) Risk amounts after the credit conversions and the effects of credit risk mitigation

(**) Credit Guarantee Fund guaranteed by the undersecretariat of treasury are included in the receivables from central governments.

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14. Analysis of maturity-bearing exposures according to remaining maturities:

	Current Period					
	Time to Maturity					
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Total
Risk Groups (*)						
Receivables from Central Governments or Central Banks	15,757,516	5,281,883	7,177,077	13,251,675	177,195,527	218,663,678
Receivables from Regional Governments or Domestic Governments	1,518	4,127	28,719	16,047	141,753	192,164
Receivables from Administrative Units and Non-Commercial Enterprises	2,872	3,365	10,841	1,833	93,183	112,094
The multilateral development banks and non-contingent receivables	555,476	13,487		167,096		736,059
Receivables from Banks and Intermediaries	20,468,704	3,673,418	4,382,787	3,177,195	2,876,087	34,578,191
Corporate Receivables	43,534,046	57,435,915	68,813,888	63,885,288	196,678,855	430,347,992
Retail Receivables	80,768,322	3,408,661	7,173,149	26,032,601	57,306,749	174,689,482
Collateralized Receivables with Real Estate Mortgages	6,802,085	2,253,297	3,758,046	8,240,241	41,873,182	62,926,851
Receivables are identified as High Risk by the Board	5,282,625	6,772,289	10,765,843	13,746,024	55,316,322	91,883,103
Total	173,173,164	78,846,442	102,110,350	128,518,000	531,481,658	1,014,129,614

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

15. Information on Risk Classes

In the calculation of the amount subject to credit risk, determining the risk weights related to risk classes stated on the article of "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", is based on the Fitch Ratings' and JCR Avrasya Derecelendirme A.Ş. international rating.

"Receivables from Banks and Intermediaries" are receivables from related parties residing in foreign countries against the risk evaluated in class with "Receivables from Central Governments or Central Banks" are receivables that are evaluated in the class will be the subject of risk weights determined in accordance with Fitch Ratings issued by the rating of the risk. "Contingent and Non-Contingent Receivables from Banks and Intermediaries" in the class with resident banks and brokerage firms in the dorm evaluated risk "Corporate Receivables" in the class evaluated dorm resident companies and financial institutions in the TL-denominated receivables, the risk weights that will be the subject of JCR Avrasya Derecelendirme A.Ş. international rating grades assigned by it are used.

If a receivable-specific rating is performed, risk weights to be applied on the receivable are determined by the relevant credit rating.

The table related to mapping the ratings used in the calculations and credit quality grades, which is stated in the Annex of Regulation on Measurement and Evaluation of Capital Adequacy of Banks, is given below:

Credit Quality Grades	1	2	3	4	5	6
Risk Rating	AAA via AA-	A+ via A-	BBB+ via BBB-	BB+ via BB-	B+ via B-	CCC+ and lower

Risk Amounts according to Risk Weights

Risk Weight	0%	20%	35%	50%	75%	100%	150%	250%	Other	Mitigation in Shareholders' Equity (**)
Amount Before Credit Risk Mitigation (*)	404,361,323	69,118,282	35,026,246	91,410,676	170,313,658	535,379,338	60,312,347	385,225	36,962,227	3,296,197
Amount After Credit Risk Mitigation	417,626,191	67,554,463	34,914,774	90,685,838	166,261,050	515,936,220	59,977,981	385,225	36,962,227	3,296,197

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

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16. Miscellaneous Information According to Type of Counterparty or Major Sectors

Significant Sectors/Counterparty		Loans		Provisions
		Depreciated (TFRS 9)		
Current Period		Significant Increase in Credit Risk (Stage 2)	Non-Performing (Stage 3)	Expected Credit Loss (TFRS 9)
1	Agricultural	660.859	114.270	151.588
1.1	Farming and Raising Livestock	537.181	103.241	127.448
1.2	Forestry	2.447	654	933
1.3	Fishing	121.231	10.375	23.207
2	Industry	24.254.801	9.819.108	13.132.751
2.1	Mining	18.578	114.036	83.350
2.2	Production	6.780.275	2.027.883	2.927.043
2.3	Electricity, gas, and water	17.455.948	7.677.189	10.122.358
3	Construction	3.516.100	3.549.317	3.038.616
4	Services	25.510.500	5.866.800	8.423.293
4.1	Wholesale and Retail Trade	4.242.845	1.758.183	1.792.112
4.2	Hotel, Food and Beverage Services	6.183.361	641.584	874.918
4.3	Transportation and Telecommunication	3.905.105	1.386.657	1.504.391
4.4	Financial Institutions	12.950	5.309	5.091
4.5	Real Estate and Renting Services	6.746.091	1.914.212	3.314.576
4.6	Self-Employment Services	1.403.131	82.347	466.230
4.7	Education Services	76.514	33.729	35.307
4.8	Health and Social Services	2.940.503	44.779	430.668
5	Other	16.012.667	3.784.635	4.166.500
6	Total	69.954.927	23.134.130	28.912.748

17. Information on Value Adjustments and Change in Credit Provisions:

	Beginning Balance	Additional Provisions	Reversal of Provisions	Other Value Adjustment	Ending Balance
1 Stage 3 provisions	13,790,995	10,976,758	(7,560,641)		17,207,112
2 Stage 1 and Stage 2 Provisions	14,511,914	7,686,291	(6,816,298)		15,381,907

18. Exposures Subject to Counter-cyclical Capital Buffer

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Turkey	624,751,534	498,961	625,250,495
TRNC	5,849,080		5,849,080
England	3,278,076		3,278,076
Albania	1,910,228		1,910,228
Cayman Island	1,801,937		1,801,937
Kosovo	1,517,770		1,517,770
Malta	1,499,950		1,499,950
Iraq	1,268,420		1,268,420
United Arab Emirates	302,225		302,225
Germany	220,857		220,857
Other	619,885		619,885

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III. Explanations on Currency Risk

The exposed currency risk of the Bank is result of the difference between the assets denominated in and indexed to foreign currencies and liabilities denominated in foreign currencies. Furthermore, parity fluctuations of different foreign currencies are another element of the currency risk.

The currency risk is managed by the internal currency risk limits which are established as a part of the Bank's risk policies. The Assets and Liabilities Management Committee and the Assets and Liabilities Management Unit meet regularly to take the necessary decisions for hedging exchange rate and parity risks within the framework of the limits determined by the "Net Foreign Currency Overall Position/Shareholders' Equity" Standard Ratio which is a part of the legal requirement and the internal currency risk limits specified by the Board of Directors. Foreign exchange risk management decisions are strictly applied.

In measuring currency risk, both the Standard Method and the Value at Risk Model (VAR) and Expected Shortfall are used as applied in the statutory reporting.

Measurements made within the scope of the Standard Method are carried out on a monthly basis and form the basis of determining the capital requirement for hedging currency risk.

Risk measurements made within the context of the VAR are practiced on a daily basis using the historical and Monte Carlo simulation methods. Scenario analyses are conducted to support the calculations made within the VAR context. Expected loss calculations are also carried out daily.

The results of the measurements made on currency risk are reported to the Key Management and the risks are closely monitored by taking into account the market and the economic conditions.

The Bank's foreign currency purchase rates at the date of balance sheet and for the last five working days of the period announced by the Bank in TL are as follows:

Date	USD	EUR
December 31, 2022	18.6500	19.9247
December 30, 2022	18.6500	19.9247
December 29, 2022	18.6150	19.8629
December 28, 2022	18.6031	19.7565
December 27, 2022	18.5821	19.7900
December 26, 2022	18.5344	19.7020

The Bank's last 30-days arithmetical average foreign currency purchase rates:

USD: 18,5001 TL EURO: 19,6013 TL

Sensitivity to currency risk:

The Bank's sensitivity to any potential change in foreign currency rates has been analyzed. In the analysis presented below, 10% change, which is also the amount used for the internal reporting purposes, is anticipated in USD, EUR, GEL and GBP.

	% Change in Foreign Currency	Effects on Profit/Loss (*)	
		Current Period	Prior Period
USD	10 % increase	188,682	(31,038)
	10 % decrease	(188,682)	31,038
EURO	10 % increase	579,692	284,955
	10 % decrease	(579,692)	(284,955)
GEL	10 % increase	82,821	44,033
	10 % decrease	(82,821)	(44,033)
GBP	10 % increase	(99,261)	13,420
	10 % decrease	99,261	(13,420)

(*) Indicates the values before tax

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Information on currency risk:

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey (1)	57,908,106	86,448,059	32,874,116	177,230,281
Banks	6,109,905	7,062,434	9,211,916	22,384,255
Financial Assets at Fair Value through Profit/Loss (2)	2,683,519	9,746,660	8,756,568	21,186,747
Money Market Placements				
Financial Assets at Fair Value Through Other Comprehensive Income	3,100,317	42,842,959	10,121	45,953,397
Loans (3)	136,109,934	147,243,157	6,038,471	289,391,562
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	7,825,519		2,461,926	10,287,445
Financial Assets Measured at Amortised Cost	1,438,360	4,373,646	2,445,619	8,257,625
Derivative Financial Assets Held for Risk Management				
Tangible Assets (2)	27,102	2,794	29,198	59,094
Intangible Assets (2)				
Other Assets (2)	485,985	6,118,513	456,816	7,061,314
Total Assets	215,688,747	303,838,222	62,284,751	581,811,720
Liabilities				
Banks Deposits	2,319,353	3,163,785	962,739	6,445,877
Foreign Currency Deposits (4)	164,553,060	270,889,723	103,054,811	538,497,594
Money Market Funds		12,090,068		12,090,068
Funds Provided from Other Financial Institutions	22,092,337	45,974,467	21,910	68,088,714
Marketable Securities Issued (5)		56,678,084	758,983	57,437,067
Miscellaneous Payables	2,126,368	5,141,862	253,537	7,521,767
Derivative Financial Liabilities Held for Risk Management				
Other Liabilities (2)	4,118,373	6,770,823	511,140	11,400,336
Total Liabilities	195,209,491	400,708,812	105,563,120	701,481,423
Net Balance Sheet Position	20,479,256	(96,870,590)	(43,278,369)	(119,669,703)
Net Off Balance Sheet Position	(14,455,388)	103,074,628	44,564,310	133,183,550
Derivative Financial Assets (6)	38,972,528	157,036,003	48,930,238	244,938,769
Derivative Financial Liabilities (6)	53,427,916	53,961,375	4,365,928	111,755,219
Non-Cash Loans	68,430,893	79,258,121	8,944,195	156,633,209
Prior Period				
Total Assets	204,810,246	229,504,923	43,119,943	477,435,112
Total Liabilities	166,286,867	328,298,342	75,470,330	570,055,539
Net Balance Sheet Position	38,523,379	(98,793,419)	(32,350,387)	(92,620,427)
Net Off Balance Sheet Position	(34,917,922)	102,207,134	33,934,554	101,223,766
Derivative Financial Assets	23,722,933	151,052,076	37,319,331	212,094,340
Derivative Financial Liabilities	58,640,855	48,844,942	3,384,777	110,870,574
Non-Cash Loans	63,144,010	75,747,621	8,477,435	147,369,066

(1) Precious metals accounts amounting TL 31,128,501 are included.

(2) In accordance with the Communiqué regarding the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position/Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Foreign Currency Income Accruals of Derivative Financial Instruments (TL 4,953,311), Operating Lease Development Costs (TL 5,860), Intangible assets (TL 8,256), Prepaid Expenses (TL 306,367), Stage 1 and Stage 2 expected credit loss (TL (9,754,592)), Assets Held for Sale and Related to Discontinued Operations (TL 6,055), in liabilities; Foreign Currency Expense Accruals of Derivative Financial Instruments (TL 1,906,925) and Shareholders' Equity (TL (4,939,662)) in Stage 1 and Stage 2 expected credit loss for non-cash loans (TL 126,809) in liabilities are not included in currency risk calculations.

(3) Foreign currency indexed loans amounting TL 524,822 presented in TL loans in the balance sheet are included in the table above. TL 384,739 is USD indexed, TL 134,916 is EUR indexed, TL 401 is CHF indexed, TL 4,766 is GBP indexed.

(4) Precious metals deposit accounts amounting TL 74,492,798 are included.

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

(6) The derivative transactions within the context of forward foreign currency options and foreign currency forwards definitions included in the Communiqué above are taken into consideration.

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IV. Explanations on Interest Rate Risk

Interest rate risk is defined as the impairment in the value of the Bank’s interest sensitive Asset, liabilities and off-balance sheet items due to interest rate fluctuations. A method which takes into consideration the effect of standard interest shocks on the economic values of the Bank’s on, and off-balance sheet interest sensitive accounts is used for measuring the interest rate risk arising from the banking accounts, whereas the interest rate risk related to interest sensitive financial instruments followed under trading accounts is assessed within the scope of market risk.

Potential effects of interest rate risk on the Bank’s assets and liabilities, market developments, the general economic environment and expectations are regularly followed in meetings of the Asset-Liability Management Committee, where further measures to reduce risk are taken when necessary.

The Bank’s on and off-balance sheet interest sensitive accounts other than the assets and liabilities exposed to market risk are monitored and controlled by the limits on the ratio of structural interest rate risk to equity and tier 1 capital determined by the Board within the scope of “Asset-Liability Management Risk Policy”. Moreover, scenario analyses formed in line with the average maturity gaps and the historical data and expectations are also used in the management of the related risk.

In addition, the impact of changes in interest rates on the Bank’s net interest income is regularly analyzed. Within this framework, the limit on the ratio of change in net interest income to the capital is expected to occur under various scenarios are monitored and regularly reported to senior management.

Interest rate sensitivity

In this part, the sensitivity of the Bank’s assets and liabilities to the interest rates has been analyzed assuming that the year-end balance figures were the same throughout the year. Mentioned analysis shows how the FC and TL changes in interest rates by one point during the one-year period affect the Bank’s income accounts and shareholders’ equity under the assumption maturity structure and balances are remain the same all year round at the end of the year.

During the measurement of the Bank’s interest rate sensitivity, the profit/loss on the asset and liability items that are evaluated with market value are determined by adding to/deducting from the difference between the expectancy value of the portfolio after one year in case there is no change in interest rates and the value of the portfolio one year later, which is measured after the interest shock, the interest income to be additionally earned/to be deprived of during the one year period due to the renewal or repricing of the related portfolio at the interest rates formed after the interest shock.

On the other hand, in the profit/loss calculation of assets and liabilities that are not evaluated by the current market prices, it is assumed that assets and liabilities with fixed interest rates will be renewed at maturity date and the assets and liabilities having variable interest rates will be renewed at the end of repricing period with the market interest rates generated after the interest shock.

Within this context, ceteris paribus, the possible changes that may occur in the Bank’s profit and shareholders’ equity in case of 100 basis point increase/decrease in TL and FC interest rates on the reporting day are given below:

% Change in the Interest Rate (*)		Effect On Profit/Loss		Effect on Equity (**)	
TL	FC	Current Period	Prior Period	Current Period	Prior Period
100 bps increase	100 bps increase	995,614	987,676	(2,975,711)	(1,809,125)
100 bps decrease	100 bps decrease	(1,307,172)	(1,762,490)	3,223,619	1,993,226

(*) Changes in interest rates is calculated assuming that the expectations reflected in inflation. The effects on the profit/loss and shareholders’ equity are stated with their before tax values.

(**) The effect on the profit/loss is mainly arising from the fact that the average maturity of the Bank’s fixed rate liabilities is shorter than the average maturity of its fixed rate assets.

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a. Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on time remaining to repricing date):

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	7,453,621					191,476,032	198,929,653
Banks	9,966,090	575,776				12,492,763	23,034,629
Financial Assets at Fair Value through Profit/Loss (*)	5,487,304	8,313,492	3,972,432	8,890,775	13,968	4,662,271	31,340,242
Money Market Placements							
Financial Assets at Fair Value Through Other Comprehensive Income	43,537,183	22,389,243	38,186,122	35,522,205	29,865,588	1,096,053	170,596,394
Loans	205,534,988	84,473,946	245,527,395	195,501,347	51,385,645		782,423,321
Financial Assets Measured at Amortised Cost	11,568,362	22,518,424	25,385,370	22,459,724	11,442,117		93,373,997
Other Assets (**)	217,258					108,407,174	108,624,432
Total Assets	283,764,806	138,270,881	313,071,319	262,374,051	92,707,318	318,134,293	1,408,322,668
Liabilities							
Banks Deposits	5,488,092	1,821,717	1,022,170			1,493,230	9,825,209
Other Deposits	365,803,736	97,869,384	34,542,133	1,172,896		421,863,931	921,252,080
Money Market Funds	33,370,104	5,080,678	1,648,534				40,099,316
Miscellaneous Payables	5,136,114					46,920,353	52,056,467
Marketable Securities Issued (***)	1,999,278	2,492,560	8,441,214	24,217,675	24,722,121		61,872,848
Funds Provided from Other Financial Institutions	14,583,517	49,496,547	5,313,106	1,669,504	392,652		71,455,326
Other Liabilities (****)	2,804,710	3,054,187	3,104,091	664,262	1,499,857	240,634,315	251,761,422
Total Liabilities	429,185,551	159,815,073	54,071,248	27,724,337	26,614,630	710,911,829	1,408,322,668
Balance Sheet Long Position			259,000,071	234,649,714	66,092,688		559,742,473
Balance Sheet Short Position	(145,420,745)	(21,544,192)				(392,777,536)	(559,742,473)
Off Balance Sheet Long Position	7,421,791	22,871,812					30,293,603
Off Balance Sheet Short Position			(8,120,500)	(10,221,123)	(8,298,250)		(26,639,873)
Total Position	(137,998,954)	1,327,620	250,879,571	224,428,591	57,794,438	-392,777,536	3,653,730

(*) The balance includes derivative financial assets

(**) The expected loss provisions are shown in Non-Interest column.

(***) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

(****) Equity is included in “non-interest bearing” column.

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	14,620,305					167,302,916	181,923,221
Banks	3,736,353	208,939				20,184,009	24,129,301
Financial Assets at Fair Value through Profit/Loss (*)	8,199,318	9,326,626	7,138,279	5,623,571	3,530	2,205,050	32,496,374
Money Market Placements							
Financial Assets at Fair Value Through Other Comprehensive Income	19,965,684	16,404,869	13,928,740	19,161,533	17,516,956	577,294	87,555,076
Loans	96,042,600	44,023,134	144,511,067	181,377,115	48,139,857	114,977	514,208,750
Financial Assets Measured at Amortised Cost	8,277,298	12,224,444	15,562,809	8,408,689	1,939,494		46,412,734
Other Assets (**)	2,883,389					36,960,179	39,843,568
Total Assets	153,724,947	82,188,012	181,140,895	214,570,908	67,599,837	227,344,425	926,569,024
Liabilities							
Banks Deposits	1,599,410	1,084,200	1,261			1,062,316	3,747,187
Other Deposits	254,580,741	33,534,194	18,275,640	1,244,478		284,246,136	591,881,189
Money Market Funds	42,595,997	2,299,805	3,339,693				48,235,495
Miscellaneous Payables	1,584,249					22,947,587	24,531,836
Marketable Securities Issued (***)	1,249,305	4,923,360	22,221,079	22,368,163	17,344,902		68,106,809
Funds Provided from Other Financial Institutions	3,628,174	37,755,079	22,277,040	1,684,916	306,217		65,651,426
Other Liabilities (****)	3,998,152	3,949,203	3,646,271	1,453,969	1,286,172	110,081,315	124,415,082
Total Liabilities	309,236,028	83,545,841	69,760,984	26,751,526	18,937,291	418,337,354	926,569,024
Balance Sheet Long Position			111,379,911	187,819,382	48,662,546		347,861,839
Balance Sheet Short Position	(155,511,081)	(1,357,829)				(190,992,929)	(347,861,839)
Off Balance Sheet Long Position	6,817,975	17,021,725					23,839,700
Off Balance Sheet Short Position			(2,289,875)	(12,871,498)	(6,587,375)		(21,748,748)
Total Position	(148,693,106)	15,663,896	109,090,036	174,947,884	42,075,171	(190,992,929)	2,090,952

(*) The balance includes derivative financial assets
(**) The expected loss provisions are shown in Non-Interest column.
(***) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.
(****) Equity is included in "non-interest bearing" column.

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b. Average interest rates applied to monetary financial instruments:

Current Period	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash in Vault. Foreign Currency Cash. Money in Transit. Cheques Purchased) and Balances with the Central Bank of Turkey	2.50	4.25		
Banks	1.15	2.75		13.30
Financial Assets at Fair Value through Profit/Loss	3.00	4.98		13.53
Money Market Placements				
Financial Assets at Fair Value Through Other Comprehensive Income	3.33	5.48		32.82
Loans	6.14	8.17	7.27	20.56
Financial Assets Measured at Amortised Cost	2.66	5.12		23.30
Liabilities				
Banks Deposits	0.86	4.96		12.64
Other Deposits	0.08	0.62		11.63
Money Market Funds		6.82		9.03
Miscellaneous Payables				
Debt Securities Issued (*)		6.88		14.37
Funds Provided from Other Financial Institutions	4.25	7.09		10.85

(*) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

Prior Period	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash in Vault. Foreign Currency Cash. Money in Transit. Cheques Purchased) and Balances with the Central Bank of Turkey				8.50
Banks	0.15	0.20		11.39
Financial Assets at Fair Value through Profit/Loss	1.92	2.59		14.41
Money Market Placements				
Financial Assets at Fair Value Through Other Comprehensive Income	3.29	4.82		22.06
Loans	4.42	5.26		18.15
Financial Assets Measured at Amortised Cost	2.92	3.37		18.84
Liabilities				
Banks Deposits	0.11	0.38		15.50
Other Deposits	0.03	0.13		11.57
Money Market Funds		1.49		13.98
Miscellaneous Payables				
Debt Securities Issued (*)		6.50		18.22
Funds Provided from Other Financial Institutions	1.86	2.44		13.75

(*) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

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V. Explanations on Equity Shares Risk Arising from Banking Book

a. Accounting policies related to equity investments in associates and subsidiaries can be seen in the Section Three Note III.2.

b. Balance Sheet Value of Equity Investment, fair value, and for publicly traded, if the market value is different from the fair value comparison to the market price:

Investments in Shares	Comparison		
	Book Value	Fair Value	Market Value (*)
Quoted			
Investments in Shares Group A			
Subsidiaries			
Financial Subsidiaries	22,198,019		60,237,024
Non-Financial Subsidiaries	38,975,666		132,854,654
Non-Quoted			
Subsidiaries			
Financial Subsidiaries	385,225		
Non-Financial Subsidiaries	14,157		
Associates			
Financial Associates	15,175,351		
Non-Financial Associates	3,111,056		

(*) Represents the sum of the market values of the related companies.

c. Information on revaluation surpluses and unrealized gains/losses on equity securities and results included in Common Equity and Tier II Capital

Portfolio	Realized Gains/losses During the period	Revaluation Increases		Unrealized Gains and Losses		
		Total	Including into Tier I Capital (*)	Total	Including into Common Equity	Including into Tier II Capital
1 Private Equity Investments						
2 Shares Traded on a Stock Exchange		56,681,532	56,681,532			
3 Other Stocks		12,072,255	12,072,255			
4 Total		68,753,787	68,753,787			

(*) Represents the amounts reflected to equity according to the equity method.

d. Capital requirement as per equity shares:

Portfolio	Carrying Value	Total RWA	Minimum Capital Requirement
Private Equity Investments			
Share Traded on a Stock Exchange	61,173,685	61,173,685	4,893,895
Other Stocks	18,685,789	16,582,702	1,326,616
Total	79,859,474	77,756,387	6,220,511

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VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio

Liquidity risk may occur as a result of funding long-term assets with short-term liabilities; The Bank's liquidity is managed by the Asset-Liability Management Committee in accordance with the business strategies, legal requirements, current market conditions and expectations regarding the economic and financial conjuncture.

The Bank's principal source of funding is deposits. Although the average maturity of deposits is shorter than that assets as a result of the market conditions, the Bank's wide network of branches and stable core deposit base are its most important safeguards of funding. Additionally, the Bank borrows medium and long-term funds from institutions abroad. Concentration limits are generally used in deposit and non-deposit borrowings in order to prevent adverse effects of concentrations in the liquidity risk profile of the Bank.

In order to meet the liquidity requirements that may arise from market fluctuations, considerable attention is paid to the need to preserve liquidity and efforts in this respect are supported by projections of Turkish Lira and Foreign Currency (FC) cash flows. The term structure of TL and FC deposits, their costs and amounts are monitored on a daily basis. During these studies historical events and future expectations are taken into account as well. Based upon cash flow projections, prices are differentiated for different maturities and measures are taken accordingly to meet liquidity requirements. Moreover, potential alternative sources of liquidity are determined to be used in case of extraordinary circumstances.

The liquidity risk exposure of the Bank has to be within the risk capacity limits which are prescribed by the legislation and the Bank's risk appetite defined in its business strategy. It is essential for the Bank to have an adequate level of unencumbered liquid asset stock which can be sold or pledged, in case a large amount of reduction in liquidity sources occurs. The level of liquid asset buffer is determined in accordance with the liquidity risk tolerance which is set by the Board of Directors. Asset-Liability Management Committee is responsible for monitoring the liquidity position, determining appropriate sources of funds and deciding the maturity structure in accordance with the limits which are set by the Board of Directors.

The Treasury Division is responsible for monitoring the liquidity risk, in accordance with the Asset and Liability Management Risk Policy limits, objectives set out in the business plan and the decisions taken at the meetings of Asset-Liability Management Committee. The Treasury Division is also responsible for making liquidity projections and taking necessary precautions to reduce liquidity risk, by using the results of stress testing and scenario analysis. Within this scope, Treasury Division is monitoring the Turkish Lira (TL) and foreign currency (FC) liquidity position instantly and prospectively based on the information provided from the branches, business units and IT infrastructure of the Bank. The assessment of long-term borrowing opportunities is carried out regularly in order to balance the cash inflows and outflows and to mitigate the liquidity risk. The Bank creates liquidity through repurchase agreements and secured borrowings based on the high quality liquid asset portfolio, through securitization and other structured finance products which are created from the asset pools like credit card receivables and retail loans.

The Bank applies liquidity stress tests to measure liquidity risk. In this approach, in liquidity stress scenarios in which parameters are determined by the Board of Directors, the ability of the Bank's liquid assets' in covering cash outflows within a one-month horizon has been described. Liquidity adequacy limits for TL and FC are determined by Board of Directors, based on the liquidity requirements and risk tolerance of the Bank. The liquidity risk is measured by the Risk Management Division and results are reported to the related executive functions, senior management and Board of Directors.

It is essential for the Bank to monitor the liquidity position and funding strategy continuously. In case of a liquidity crisis that may arise from unfavorable market conditions, extraordinary macroeconomic situations and other reasons which are beyond the control of the Bank, "Emergency Action and Funding Plan" is expected to be commissioned. In that case, related committees have to report the precautions taken and their results to the Board of Directors through Audit Committee.

The Bank's Foreign Currency (FC) and total (TL+FC) liquidity coverage ratio averages for the last three months, the highest value and the lowest value occurred in this period are given below.

	Current Period		Current Period	
	TL+FC	FC	TL+FC	FC
31.10.2022	160.65	457.48	156.66	434.83
30.11.2022	155.09	467.81	172.64	468.88
31.12.2022	154.99	487.23	199.25	507.82

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Grubun konsolide yabancı para ve toplam (YP+TP) likidite karşılama oranlarının son üç aylık döneme ilişkin ortalamalarına aşağıda yer verilmektedir.

Likidite karşılama oranı:

Prior Period	Total Unweighted Value (*)		Total Weighted Value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			308.711.858	204.903.813
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	611.317.338	377.077.839	56.151.478	37.707.784
Stable deposits	99.605.132		4.980.257	
Less stable deposits	511.712.206	377.077.839	51.171.221	37.707.784
Unsecured funding, of which;	334.798.824	187.403.972	168.815.630	98.329.464
Operational deposits	3.005.540	36.219	739.822	9.055
Non-operational deposits	227.527.733	151.835.763	100.701.866	66.519.903
Other unsecured funding	104.265.551	35.531.990	67.373.942	31.800.506
Secured funding			224.756	13.731
Other cash outflows, of which;	8.511.344	19.369.975	8.511.344	19.369.975
Derivatives cash outflow and liquidity needs related to market valuation changes on derivative or other transactions	3.273.748	14.132.379	3.273.748	14.132.379
Obligations related to structured financial products				
Commitments related to debts to financial markets and other off-balance sheet obligations	5.237.596	5.237.596	5.237.596	5.237.596
Other revocable off-balance sheet commitments and contractual obligations	80.267.478	73.076.139	4.013.374	3.653.807
Other irrevocable or conditionally revocable off-balance sheet obligations	426.353.159	175.080.021	36.996.071	15.510.864
TOTAL CASH OUTFLOWS			274.712.653	174.585.625
CASH INFLOWS				
Secured lending	4.195.089		500.968	
Unsecured lending	100.584.121	65.700.311	74.655.489	54.622.443
Other cash inflows	2.727.740	116.821.011	2.727.740	116.821.011
TOTAL CASH INFLOWS	107.506.950	182.521.322	77.884.197	171.443.454
Upper Limit Applied Value				
TOTAL HQLA STOCK			308.711.858	204.903.813
TOTAL NET CASH OUTFLOWS			196.828.456	43.646.406
LIQUIDITY COVERAGE RATIO (%)			156,91	470,84

(*) The simple arithmetic average calculated for the last three months of the weekly simple arithmetic average.

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Prior Period	Total Unweighted Value (*)		Total Weighted Value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			196.731.749	137.922.605
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	385.342.542	255.632.298	35.792.010	25.563.230
Stable deposits	54.844.879		2.742.244	
Less stable deposits	330.497.663	255.632.298	33.049.766	25.563.230
Unsecured funding, of which;	187.046.797	112.910.239	95.886.913	56.879.781
Operational deposits	1.255.644	16.359	313.911	4.090
Non-operational deposits	134.597.977	98.576.273	60.491.359	43.239.644
Other unsecured funding	51.193.176	14.317.607	35.081.643	13.636.047
Secured funding			65.495	53.327
Other cash outflows, of which;	8.505.992	12.874.684	8.505.992	12.874.684
Derivatives cash outflow and liquidity needs related to market valuation changes on derivative or other transactions	4.375.826	8.744.518	4.375.826	8.744.518
Obligations related to structured financial products				
Commitments related to debts to financial markets and other off-balance sheet obligations	4.130.166	4.130.166	4.130.166	4.130.166
Other revocable off-balance sheet commitments and contractual obligations	53.066.816	46.671.687	2.653.341	2.333.584
Other irrevocable or conditionally revocable off-balance sheet obligations	287.990.929	156.050.151	29.290.631	17.577.368
TOTAL CASH OUTFLOWS			149.840.013	102.080.414
CASH INFLOWS				
Secured lending	112.194	36.588	1.571	1.356
Unsecured lending	63.377.888	46.531.386	52.758.960	40.975.721
Other cash inflows	7.972.830	61.206.589	7.972.830	61.206.589
TOTAL CASH INFLOWS	71.462.912	107.774.563	60.733.361	102.183.666
Upper Limit Applied Value				
TOTAL HQLA STOCK			196.731.749	137.922.605
TOTAL NET CASH OUTFLOWS			111.461.021	29.261.943
LIQUIDITY COVERAGE RATIO (%)			176,18	470,51

(*) The simple arithmetic average calculated for the last three months of the weekly simple arithmetic average.

Compared to the prior quarter, in the fourth quarter of 2022, it is observed that the total liquidity coverage ratio decreased due to the increase in net cash outflows, and the FC liquidity coverage ratio due to the decrease in the high-quality liquid asset stock. Total and Foreign Currency liquidity coverage ratios are continuing to hover far above the minimum level (respectively 100% and 80%) pursuant to legal legislations.

The Liquidity Coverage Ratio which has been introduced to ensure banks to preserve sufficient stock of high-quality assets to meet their net cash outflows that may occur in the short term is calculated as per the Communiqué on "Measurement and Assessment of the Liquidity Coverage Ratio of Banks" published by BRSA. The ratio is directly affected by the level of unencumbered high-quality assets which can be liquidated at any time and net cash inflows and outflows arising from the Bank's assets, liabilities and off-balance sheet transactions.

The Bank's high quality liquid asset stock primarily consists of cash, the accounts held at CBRT and unencumbered government bonds which are issued by Turkish Treasury.

The Bank's principal source of funding is deposits. In terms of non-deposit borrowing, funds received from repurchase agreements, marketable securities issued, and funds borrowed from financial institutions are among the most significant funding sources of the Bank.

In order to manage liquidity effectively, concentration of liquidity sources and usages should be avoided. Due to the strong and stable core deposit base of the Bank, deposits are received from a diversified customer portfolio. In addition, in order to provide diversification in liquidity sources and usages, liquidity concentration limits are used effectively. Total amount of funds borrowed from a single counterparty, or a risk group is closely and instantaneously monitored, taking liquidity concentration limits into account. In addition to these, the cumulative liquidity deficits that the Bank is exposed to in various maturity tranches are periodically monitored and reported to the senior management.

Cash flows of derivatives that will take place within 30 days are taken into account in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation.

Liquidity risk of the Bank, its foreign branches and subsidiaries that are to be consolidated are managed within the regulatory limits and in accordance with the group strategies. For the purposes of effectiveness and sustainability of liquidity management, funding sources of group companies and funding diversification opportunities in terms of markets, instruments and tenor are evaluated and liquidity position of the group companies are monitored continuously by the Bank.

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	79,630,417	119,299,236						198,929,653
Banks	16,625,971	5,832,882	575,776					23,034,629
Financial Assets at Fair Value through Profit/Loss (**)	4,658,978	5,485,456	8,234,431	4,048,809	8,895,585	16,983		31,340,242
Money Market Placements								
Financial Assets at Fair Value Through Other Comprehensive Income	1,096,053	1,505,925	3,095,119	18,934,956	91,349,350	54,614,991		170,596,394
Loans (***)	31,261,330	119,501,530	100,458,392	263,208,574	195,030,371	49,828,994	23,134,130	782,423,321
Financial Assets Measured at Amortised Cost		1,658,093	3,209,619	8,665,369	51,201,710	28,639,206		93,373,997
Other Assets		6,285,141	212,363	37	2,355,006		99,771,885	108,624,432
Total Assets	133,272,749	259,568,263	115,785,700	294,857,745	348,832,022	133,100,174	122,906,015	1,408,322,668
Liabilities								
Bank Deposits	1,493,230	5,488,092	1,821,717	1,022,170				9,825,209
Other Deposits	421,863,931	365,803,050	97,868,730	34,539,016	1,177,353			921,252,080
Funds Provided from Other Financial Institutions		5,666,537	4,524,983	39,707,047	20,469,591	1,087,168		71,455,326
Money Market Funds		33,370,104	2,981,131	3,748,081				40,099,316
Marketable Securities Issued (****)		876,714	1,337,301	8,441,214	25,340,239	25,877,380		61,872,848
Miscellaneous Payables		51,195,195	437,127	1,595	422,550			52,056,467
Other Liabilities		14,823,376	8,500,566	3,493,053	1,001,019	447,166	223,496,242	251,761,422
Total Liabilities	423,357,161	477,223,068	117,471,555	90,952,176	48,410,752	27,411,714	223,496,242	1,408,322,668
Liquidity Gap	(290,084,412)	(217,654,805)	(1,685,855)	203,905,569	300,421,270	105,688,460	(100,590,227)	
Net Off Balance Sheet Position		1,675,458	(1,424,161)	1,531,226	2,316,880	560,500		4,659,903
Derivative Financial Assets		160,788,294	67,410,871	38,610,607	69,998,675	71,033,244		407,841,691
Derivative Financial Liabilities		159,112,836	68,835,032	37,079,381	67,681,795	70,472,744		403,181,788
Non-cash Loans	130,994,153	7,489,287	19,034,472	64,412,078	19,239,252	5,527,272		246,696,514
Prior Period								
Total Assets	143,072,463	153,235,665	65,644,687	161,256,464	263,201,666	86,896,229	53,261,850	926,569,024
Total Liabilities	285,308,452	335,053,148	53,535,693	83,497,127	44,129,952	21,414,802	103,629,850	926,569,024
Liquidity Gap	(142,235,989)	(181,817,483)	12,108,994	77,759,337	219,071,714	65,481,427	(50,368,000)	
Net Off Balance Sheet Position		3,200,930	2,669,768	(75,036)	1,505,529	446,812		7,748,003
Derivative Financial Assets		133,805,197	54,101,623	37,634,533	45,771,066	61,283,833		332,596,252
Derivative Financial Liabilities		130,604,267	51,431,855	37,709,569	44,265,537	60,837,021		324,848,249
Non-cash Loans	116,766,721	2,615,908	9,773,054	44,500,563	14,566,743	5,212,434		193,435,423

(*) Asset items, such as Tangible Assets, Subsidiaries and Associates, Office Supply Inventory, Prepaid Expenses and Non-Performing Loans, which are required for banking operations and which cannot be converted into cash in short-term, other liabilities such as Provisions which are not considered as payables and Shareholders' Equity, are shown in the "Unallocated" column.

(**) Includes Derivative financial assets.

(***) Nonperforming loans are included in "Unallocated" column.

(****) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

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In compliance with the "IFRS 7", the following table indicates the maturities of the Bank's major financial assets and liabilities which are not qualified as derivatives. The following tables have been prepared by referencing the earliest dates of collections and payments without discounting the liabilities. The interest to be collected from and paid to the related liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The values of the related liabilities registered in balance sheet do not include these amounts.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total	Adjustments (-)	Balance Sheet Value
Liabilities									
Deposits	423,357,161	372,260,825	101,422,669	36,748,019	1,253,490		935,042,164	3,964,875	931,077,289
Funds Provided from Other Financial Institutions		5,717,510	5,097,548	42,112,957	23,320,862	1,152,166	77,401,043	5,945,717	71,455,326
Money Market Funds		33,407,213	3,036,464	3,863,524			40,307,201	207,885	40,099,316
Marketable Securities Issued (*)		1,460,631	1,425,574	11,991,684	34,125,926	28,795,298	77,799,113	15,926,265	61,872,848
Leasing Liabilities		63,333	144,014	522,280	1,694,169	2,267,874	4,691,670	2,539,463	2,152,207

(*) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total	Adjustments (-)	Balance Sheet Value
Liabilities									
Deposits	285,308,452	256,676,019	35,076,238	18,499,054	1,293,714		596,853,477	1,225,101	595,628,376
Funds Provided from Other Financial Institutions		1,659,611	8,456,296	36,706,015	19,613,123	1,416,626	67,851,671	2,200,245	65,651,426
Money Market Funds		42,654,340	2,304,287	3,370,651			48,329,278	93,783	48,235,495
Marketable Securities Issued (*)		1,635,592	2,834,652	25,742,077	31,141,372	23,533,539	84,887,232	16,780,423	68,106,809
Leasing Liabilities		47,228	105,530	333,691	1,301,918	2,043,284	3,831,651	2,131,212	1,700,439

(*)Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

The following table shows the remaining maturities of non-cash loans of the Bank.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total	Adjustments (-)	Balance Sheet Value
Letters of Credit	21.031.210	4.695.440	8.170.572	19.349.001			53.246.223	3.964.875	931.077.289
Letters of Guarantee	108.829.989	2.377.323	9.901.311	37.543.763	17.674.969	2.955.329	179.282.684	5.945.717	71.455.326
Acceptances	137.720	416.524	923.075	7.433.282	420.875		9.331.476	207.885	40.099.316
Other	995.234		39.514	86.032	1.143.408	2.571.943	4.836.131		
Total	130.994.153	7.489.287	19.034.472	64.412.078	19.239.252	5.527.272	246.696.514	15.926.265	61.872.848

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total	Adjustments (-)	Balance Sheet Value
Letters of Credit	39.975.559	299.733	853.893	1.753.195	12.823		42.895.203	3.964.875	931.077.289
Letters of Guarantee	75.331.583	1.272.415	6.663.085	32.272.226	12.915.460	3.042.724	131.497.493	5.945.717	71.455.326
Acceptances	583.828	1.028.920	2.256.076	10.359.840	553.187		14.781.851	207.885	40.099.316
Other	875.751	14.840		115.302	1.085.273	2.169.710	4.260.876		
Total	116.766.721	2.615.908	9.773.054	44.500.563	14.566.743	5.212.434	193.435.423	15.926.265	61.872.848

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The following table shows the remaining maturities of derivative financial assets and liabilities of the Bank.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts-Buy	5,717,551	10,756,575	12,515,612	2,376,097		31,365,835
Forwards Contracts-Sell	5,697,764	10,520,109	12,294,262	2,406,304		30,918,439
Swaps Contracts-Buy	130,035,589	42,160,572	13,656,029	66,850,977	67,211,082	319,914,249
Swaps Contracts-Sell	147,228,461	53,156,757	13,015,952	64,503,890	66,650,582	344,555,642
Futures Transactions-Buy	25,945	671,422	55,041			752,408
Futures Transactions-Sell	25,402	811,948	50,766			888,116
Options-Call	3,538,061	1,557,467	5,545,458	707,612	3,822,162	15,170,760
Options-Put	3,553,528	1,551,533	4,879,934	707,612	3,822,162	14,514,769
Other	24,078,829	15,059,520	13,676,934	127,978		52,943,261
Total	319,901,130	136,245,903	75,689,988	137,680,470	141,505,988	811,023,479

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts- Buy	4,585,527	6,561,281	14,439,205	4,570,684		30,156,697
Forwards Contracts- Sell	4,427,855	6,546,390	14,527,936	4,557,212		30,059,393
Swaps Contracts-Buy	107,655,756	40,811,617	17,078,760	40,956,563	58,258,759	264,761,455
Swaps Contracts-Sell	121,096,795	41,894,966	17,111,486	39,464,506	57,811,947	277,379,700
Futures Transactions-Buy		96,253	591,730			687,983
Futures Transactions-Sell		86,971	595,436			682,407
Options-Call	5,079,666	2,944,784	4,012,940		3,025,074	15,062,464
Options-Put	4,945,190	2,842,085	3,962,813		3,025,074	14,775,162
Other	16,618,675	3,749,131	3,023,796	487,638		23,879,240
Total	264,409,464	105,533,478	75,344,102	90,036,603	122,120,854	657,444,501

VII. Explanations on Leverage Ratio

a. Explanations on Differences Between Current and Prior Years' Leverage Ratios

The Bank's unconsolidated leverage ratio is calculated in accordance with the principles of the "Regulation on Measurement and Evaluation of Banks' Leverage Level". The Bank's consolidated Leverage ratio is 9.19% (December 31, 2021: 6.75). According to Regulation the minimum leverage ratio is 3%. The changes in the leverage ratio are mostly due to the increase in total risk amounts.

b. Explanations on leverage ratio:

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	Current Period (*)	Prior Period (*)
On-Balance sheet items		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,352,238,923	843,622,223
Assets amounts deducted from Tier 1 capital	(3,039,822)	(1,492,485)
Total on balance sheet exposures	1,349,199,101	842,129,738
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit derivatives	16,095,379	21,043,586
The potential amount of credit risk with derivative financial instruments and credit derivatives	5,788,378	3,570,324
The total amount of risk on derivative financial instruments and credit derivatives	21,883,757	24,613,910
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	12,032,913	4,020,316
Risk amount of exchange brokerage operations		
Total risks related with securities or commodity financing transactions	12,032,913	4,020,316
Off -Balance Sheet Items		
Gross notional amount of off-balance sheet items	452,575,932	317,341,135
Adjustments for conversion to credit equivalent amounts	(10,541,558)	(9,508,394)
The total risk of off-balance sheet items	442,034,374	307,832,741
Capital and Total Exposures		
Tier 1 Capital	167,776,503	79,582,511
Total Exposures	1,825,150,145	1,178,596,705
Leverage Ratio		
Leverage Ratio	9.19	6.75

(*) Three-month average of the amounts in Leverage Ratio table.

VIII. Explanations on Other Price Risks

The Bank is exposed to stock price risk due to its investments in companies being traded on the Borsa İstanbul A.Ş. (BIST).

The Bank's sensitivity to stock price risk at the reporting date was measured with an analysis. In the analysis, with the assumption of all other variables were held constant and the data (stock prices) used in the valuation method are 10% higher or lower. According to this assumption, in shares traded in Borsa İstanbul and followed under Financial Assets at Fair Value through Profit or Loss account, expected to have an effect amounting to TL 49,896 increase/decrease.

IX. Explanations on Presentation of Assets and Liabilities at Fair Value

1. Information on fair values of financial assets and liabilities

	Book Value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets				
Money Market Placements				
Banks	23.034.629	24.129.301	23.033.858	24.129.488
Financial Assets at Fair Value through Other Comprehensive Income	170.596.394	87.555.076	170.596.394	87.555.076
Investments Financial Assets Measured Amortized Cost	93.373.997	46.412.734	112.124.518	47.220.154
Loans	759.289.191	493.378.191	753.631.585	473.839.057
Financial Liabilities				
Banks Deposits	9.825.209	3.747.187	9.756.498	3.720.360
Other Deposits	921.252.080	591.881.189	921.349.972	591.066.944
Funds Provided from Other Financial Institutions	71.455.326	65.651.426	70.881.361	64.104.888
Marketable Securities Issued (*)	61.872.848	68.106.809	59.860.194	65.538.148
Miscellaneous Payables	52.056.467	24.531.836	52.056.467	24.531.836

(*) Includes subordinated bonds which are classified on the balance sheet as subordinated loans.

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Strike prices, quotations, market prices determined by the CBRT and published in the Official Gazette and the values calculated by using alternative models, are taken as the basis in the fair value determination of Financial Assets at fair value through other comprehensive income.

When the prices of the financial assets measured at amortized cost cannot be measured in an active market, fair values are not deemed to be reliably determined and amortized cost, calculated by the internal rate of return method, are taken into account as the fair values.

Fair values of banks, loans granted, deposits and funds borrowed from other financial institutions and marketable securities are calculated by discounting the amounts in each maturity bracket formed according to repricing periods, using the rate corresponding to relevant maturity bracket in the discount curves based on current market conditions.

2. Information on fair value measurements recognized in the financial statements

“IFRS 13 – Fair Value Measurement” standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified within a range. According to this, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles of ranking.

Current Period	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss			
Debt Securities	4,109,370	5,542,596	
Equity Securities	498,961	333,165	
Derivative Financial Assets at Fair Value through Profit and Loss		17,029,298	
Other		3,826,852	
Financial Assets at Fair Value Through Profit or Loss (*)			
Debt Securities	55,286,765	113,862,747	350,829
Equity Securities		978,103	
Other			
Derivative Financial Liabilities		8,840,818	

(*) Since they are not traded in an active market, the equity securities TL 34,246 under the financial assets at fair value through other comprehensive income are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

Prior Period	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss			
Debt Securities	477,614	6,006,316	
Equity Securities	207,096	458,185	
Derivative Financial Assets Held for Trading		21,924,166	
Other		1,536,281	1,886,716
Financial Assets Available-for-Sale (*)			
Debt Securities	45,397,989	41,329,574	250,219
Equity Securities		518,082	
Other		24,966	
Derivative Financial Liabilities		12,586,533	

(*) Gerçeğe uygun değer farkı diğer kapsamlı gelire yansıtılan finansal varlıklar kalemi altındaki 34.246 TL'lik menkul kıymetler aktif bir piyasada işlem görmemeleri nedeniyle finansal tablolara elde etme maliyeti üzerinden yansıtılmış olup, söz konusu kıymetler bu tabloda gösterilmemiştir.

The movement table of financial assets at level 3 is given below:

	Current Period	Prior Period
Balance at the Beginning of the Period	2,136,935	2,243,397
Purchases		
Redemption or Sales (*)	(1,886,716)	(5,852)
Valuation Difference		
Transfers	100,610	(100,610)
Balance at the end of the Period	350,829	2,136,935

(1) As the details are given in the Fifth Section Note I-b.3, between the company and the TVF for the sale of all A group registered shares corresponding to 55% of the capital of the company owned by the special purpose company to the Turkish Wealth Fund (TVF). A share transfer agreement was signed, and the sale and transfer transaction were realized on 31.03.2022.

Real estates which are presented in the financial statements at fair value are classified at level 3.

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The loans measured at fair value through profit and loss under Level 3 consists of loan granted to the special purpose entity which is disclosed in the Section V footnote I-f.2 and footnote I.r. The mentioned loan's fair value is determined by the various valuation methods. The potential changes in the fundamental estimations and assumptions in the valuation work may affect the carrying fair value of the loan.

X. Explanations on Transactions Carried Out on Behalf of Third Parties and Fiduciary Transactions

The Bank gives trading and custody services in the name and on the account of its customers. The Bank has no fiduciary transactions.

XI. Explanations on Risk Management Objectives and Policies

Explanations according to “Communiqué on Public Disclosures about Risk Management” published on the Official Gazette No.29511 dated October 23, 2015 are included below. The Bank uses the Standardized Approach for calculation of capital charge for credit risk, therefore explanations about internal ratings-based approach are not included.

a. General Information on Risk Management Approach and Risk Weighted Amounts:

a1 The Bank's risk management approach

Bank is exposed to financial and non-financial risks which are required to be analyzed, monitored, and reported within specific risk management principles of the Bank and with the perspective of risk management. The risk management process is organized within the framework of risk management and serves the creation of a common risk culture in corporate level, which brings “corporate governance” to forefront, the independence of the internal audit and monitoring units from the business units that undertake risks is established risk is defined in accordance with international regulations and in this context measurement, analysis, monitoring, reporting, and control functions are carried.

Risk management process and the functions involved in the process is one of the primary responsibilities of the Board of Directors. The Risk Committee operates to prepare the Bank's risk management strategies and policies, submit them to the Board of Directors for approval and monitor the implementations. Evaluating the capital adequacy and observing the active use of results in Bank's planning and decision-making processes, establishing and monitoring limits related to main risks, monitoring the activities of risk management (determining, defining, measuring, evaluating and managing risk) and monitoring results and methods in measuring risk are also under their authority and responsibility of the Committee. Committee reports activity results to the Board of Directors through Audit Committee.

The Operational Risk Committee is engaged in determining strategies and policies for the management of operational risks that the Bank may be exposed to, developing an operational risk management framework, and strengthening the governance model for operational risks. The Committee reports the results of its activities to the Board of Directors through the Audit Committee.

The Risk Management Department, which reports to the Board of Directors of the Parent Bank through the Internal Systems Manager; organized as Asset-Liability Management Unit, Credit Risk Management Unit, Credit Risk Analytics and Control Unit, Operational Risk and Affiliate Risk Unit, Model Risk and Validation Unit, Internal Capital Assessment Process and Economic Capital Unit.

The Bank's risk management process is carried out within the framework of risk policies which are issued by the Board of the Directors via Internal Systems Manager by taking the recommendations of the Risk Management Department into account and which include the written standards that are implemented by the business units. These policies which are entered into force in line with the international practices are general standards which contain organization and scope of the risk management function, risk measurement policies, duties and responsibilities of the risk management group, procedures for determining risk limits, ways to eliminate limit violations, compulsory approvals, and confirmations to be given in a variety of events and situations.

In the aforementioned risk policies, the Bank's risk appetite framework is defined as a set of approaches that determine the risk capacity, the risk appetite, the risk tolerance and that include the policies, procedures, controls and systems for reporting and monitoring of the limits set for the Bank's risk profile and the indicators in the framework. The Bank's risk appetite framework, which is formed in accordance with the above-mentioned factors and entered into force with the Board of Directors approval, includes indicators that are aligned with the business plan, the strategic programme, capital and remuneration planning and comparable on a business unit level to the extent possible. The compliance to the limits within the framework is periodically monitored and the realization of the risk appetite indicators are reported to the Risk Committee and the Boards on a monthly basis.

In order to build a strong corporate culture that has a risk management perspective, the Bank has policies, processes, systems and a control system that is integrated with the Bank's risk management system to effectively control the bank's risk management system is available. All employees of the Bank essentially perform their duties in a responsible manner that aims to develop controls to reduce or eliminate the probability of the Bank to incur losses related to the operational risks. In the process risk analysis studies, risks and the related controls are evaluated together with employees performing the relevant process in a holistic approach. Procedures to be followed in case of a risk threshold breach and risk definitions are given in the risk politics. Code of conducts, operation manuals, the sharing of duties between business units and risk units are announced to the Bank's staff.

The risk reports that analyse the results reached by the Bank and the comprehensive risk assessment and comparison of these results with a risk management perspective are periodically submitted to the Risk Committee and to the Board through the Audit Committee. The content of the above mentioned reports could be summarised as follows:

- Capital adequacy ratio, the progression of the components of this ratio and the issues that affect the aforementioned ratio,
- Monitoring the compliance status of the limits set by the Board of Directors as a part of the risk appetite framework and based on the components of the main risk types,
- In addition to the assessment of the loan portfolio on the basis of counterparties and loan types, monitoring of the portfolio as a whole according to parameters such as maturity, sector, geography, risk ratings, arrears, defaults,
- Measuring the assets and liabilities management risk, and reporting of measurement results,
- Monitoring of all risks assessed in the context of operational risk within the scope of non-financial risks, including operational risk, loss events that occurred in the Bank and risk indicators,
- Testing the measurement results in terms of completeness and reliability,
- Analysing the level of risk indicators under various stress scenarios,
- Examining various concentration indicators and the course followed by these indicators

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As per the communique on "Bank's Internal Systems and Internal Capital Adequacy and Assessment Process" and "Guidelines for Stress Testing of Banks to Use in Capital and Liquidity Planning", stress tests are conducted for the entire risks that the Bank is exposed to and on the basis of significant risk categories. As a part of the holistic stress tests, risk appetite, capital planning, strategic plan and budget, action plans for emergencies and unexpected situations related to miscellaneous risks and other issues considered as significant are taken into consideration. In the holistic and individual stress test processes carried out by the Bank, the most advanced approaches used in risk measurement in the Bank are used as much as possible, together with the methods that are the basis of legal reporting (standard approaches for credit and market risk, basic indicator approach for operational risk).

In the stress tests, both the first pillar risks (credit risk, market risk, operational risk) in scope of the regulatory framework and all the other risks that the Bank is exposed to independent of the regulatory framework are taken into account in a holistic perspective. In determining the course of capital adequacy under various scenarios during the planning horizon, the actions that the Bank will take in case of stress conditions and the impact of the diversified growth strategies of business units on the capital adequacy and the balance sheet are considered.

The levels at which the capital adequacy ratio of the Bank will reach are estimated and monitored with stress tests. In addition, reverse stress tests are carried out regularly, by determining the problematic loan growth rate and increase in exchange rates, which will cause the Bank's capital adequacy to fall within the legal limits.

The scope and content of the Bank's risk management system in terms of the main risk types are listed below. Bank's risk mitigation strategies and processes for the assessment of their effectiveness are given in Fourth Section II No. "Explanations on Credit Risk" under the Section IV, XI-f.1 notes. No. "The Public Disclosure of Qualitative Information Related to the Market Risk" mentioned in the section.

Credit risk

Credit risk is defined as the risk of the failure to comply with the requirements or failing to fulfill its obligations partially or totally of the counter side of the transaction contract with the Bank. The methodology and responsibilities of the credit risk management, controlling and monitoring and the framework of credit risk limitations specified with the credit risk policy.

The Bank defines measures and manages credit risk of the all products and activities. Board of Directors review the Bank's credit risk policies and credit risk strategy on an annual basis as a minimum. Top Management is responsible for the implementation of credit risk policies which are approved by Board of Directors.

As a result of loans and credit risks analysis all findings are reported to Board of Directors and Top Management on a regular basis. In addition to transaction and company-based credit risk assessment process, monitoring of credit risk also refers to an approach with monitoring and managing the credit as a whole maturity, sector, security, geography, currency, credit type and credit rating.

In the Bank's credit risk management, along the limits as required by legal regulations, the Bank utilizes the risk limits to undertake the maximum credit risk within risk groups or sectors that the Board of Directors determines. These limits are determined such a way that prevents risk concentration on particular sectors. In case of exceeding the limits, the excess and its reasons are immediately reported to the Risk Committee and Board of Directors. The actions to be taken to remedy the excess and the time to eliminate the excess are concluded under the authority of the Board of Directors. The results of the controls regarding the excess of the risk limits and the evaluations of these limits are presented by Internal Audit and Risk Management Group to Top Management and Board of Directors.

The Bank uses credit decision support systems which are created for the purpose of credit risk management, lending decisions, controlling the credit process and credit provisioning. The consistency of the credit decision support systems with the structure of the Bank's activities, size and complexity is examined continuously by internal systems. Credit decision support systems contain the Risk Committee assessment and approval of Board of Directors.

Asset and Liability Management Risk

Asset-liability management risk defined as the risk of Bank's incurring loss due to managing all financial risks that are inflicted from the Bank's assets, liabilities and off-balance sheet transactions, ineffectively. Trading book portfolio's market risk, structural interest rate risk and liquidity risk of the banking portfolio; are considered within the scope of the asset liability management.

Complying the established risk limits and being at the limits that stipulated by the legislation are the primary priority of Asset-liability management risk. Risk limits are determined by the Board of Directors by taking into consideration of the Group's liquidity, target income level and general expectations about changes in risk factors.

Board of Directors and the Audit Committee are responsible for following the Bank's capital is used optimally; for this purpose, checking the status against risk limits and providing the necessary actions are taken.

Asset and Liability Management Committee is responsible for managing the Asset and Liability risk within the framework of operating principles that are involved in the risk appetite and risk limits are set by the Board of Directors in accordance with the policy statement.

Asset and liability management processes and compliance with the provisions of the policy are controlled and audited by the internal audit system. The execution of the audit, reporting the audit results, action plans for the elimination of errors and gaps identified as a result of inspections regarding the fulfillment of the principles, are determined by the Board of Directors.

Operational Risk

Operational risk is defined as "the possibility of loss resulting from inadequate or failed internal processes, people and systems, or from external events, including legal risk". Studies consisted of and are formed of occur by execution of identification, definition, measurement, analysis, monitoring of operational risk, providing and reporting the necessary control related to monitoring the progress of our country and the world, the development of techniques and methods, necessary legal reporting, notification and conduct of follow-up transactions. Studies on the subject are conducted by the Department of Risk Management.

Operational risks that arise due to the activities are defined in "Bank Risk Catalogue" and classified in respect of species. Bank Risk Catalogue is kind of the fundamental document that used for identification and classification of all at the risk that may be encountered. It is updated in line with the changes in the nature of the processes and activities.

Qualitative and quantitative methods are used in a combination for measurement and evaluation of the operational risks. In this process, information use that obtained from "Impact-Probability Analysis", "Missing Event Data Analysis", "Risk Indicators", "Scenario Analysis", "Top-Down Risk Assessment", "Internal Model" methods. Methods prescribed by legal regulations are applied as minimum in determining the capital requirement level for the operating risk.

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Operational Risk Committee that established by a decision of the board of directors on 30.04.2020, the management of operational risks that the bank may be exposed for the determination of policies and strategies, the development of an operational risk management framework and operational risks include activities with the aim of strengthening the governance model. The Committee works in cooperation with the Risk Committee and reports the results of its activities to the Board of Directors through the Audit Committee.

All risks are assessed in the context of operational risk, loss events and the risk indicators same as operational risks that occurred in the Bank, are monitored on a regular basis by the Department of Risk Management and reported periodically to the Risk Committee, Operational Risk Committee, and the Board of Directors.

Model Risk Management and Validation Operations

Model risk is the risk of financial losses and/or loss of reputation that the Bank may be exposed to due to errors and/or malfunctions that occur during the creation, implementation or use of models used in its activities. In order to address the model risk in a holistic manner, the model definition, model life cycle and triple line of defense structure and the duties and responsibilities of all functions of the Bank in this structure are defined in the model risk management policy.

Model risk management and validation activities in the second line of defense of the triple line of defense structure; creating the model inventory, determining and approving the model class, validating the models, preparing periodic reports on the Bank's model risk and presenting those reports to the Risk Committee, Audit Committee and Board of Directors.

Risk measurement models are validated at least once a year according to international standards. Within the scope of validation, activities are carried out to test the performance and validity of models with statistical methods, to examine the quality of the data used in the model development phase and the conceptual soundness of the selected methods, and to evaluate the health of the processes created for the use of the models. The results of the validation activities are reported to the Risk Committee, Audit Committee and the Board of Directors.

a2. Overview of risk weighted amounts:

	Risk Weighted Amounts		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
Credit risk (excluding counterparty credit risk) (CCR)	853,562,058	504,344,844	68,284,965
Of which standardized approach (SA)	853,562,058	504,344,844	68,284,965
Of which internal rating-based (IRB) approach			
Counterparty credit risk	14,270,649	14,329,919	1,141,652
Of which standardised approach for counterparty credit risk (CCR)	14,270,649	14,329,919	1,141,652
Of which internal model method (IMM)			
Equity positions in banking book under basic risk weighting or internal rating-based approach			
Equity investments in funds – look-through approach	2,646,881	1,586,280	211,750
Equity investments in funds – mandate-based approach			
Equity investments in funds – 1250% weighted risk approach			
Settlement risk	21,438		1,715
Securitization positions in banking accounts			
Of which IRB ratings-based approach (RBA)			
Of which IRB Supervisory formula approach (SFA)			
SA/simplified supervisory formula approach (SSFA)			
Market risk	18,420,488	10,104,488	1,473,639
Of which standardised approach (SA)	18,420,488	10,104,488	1,473,639
Of which internal model approaches (IMM)			
Operational Risk	50,403,474	40,291,061	4,032,278
Of which Basic Indicator Approach	50,403,474	40,291,061	4,032,278
Of which Standardised approach (SA)			
Of which Advanced measurement approach			
The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	963,063	700,490	77,045
Floor adjustment			
Total	940,288,051	571,357,082	75,223,044

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b. Linkages between Financial Statements and Risk Amounts

b1 Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

Current Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
		Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and CBRT	198,929,653	198,929,653				
Banks and Money Market Placements	23,034,629	23,034,629				
Financial Assets at Fair Value Through Profit/Loss	14,310,944	11,543,354			2,767,590	
Financial Assets at Fair Value Through Other Comprehensive Income	170,596,394	170,596,394			4,677,273	
Derivative Financial Assets at Fair Value Through Profit/Loss	17,029,298	17,029,298	17,029,298		9,381,439	
Derivative Financial Assets at Fair Value Through Other Comprehensive Income						
Financial Assets at Amortised Cost-Credit	782,423,321	782,423,321				
Financial Assets at Amortised Cost-Other Financial Assets	93,373,997	93,373,997				
Financial Assets at Amortised Cost-Expected Loss Provisions (-)	32,643,964	32,643,964				
Assets Held for Sale and Discontinued Operations	1,600,625	1,600,625				
Investment in Associates, Subsidiaries and Joint-Ventures	79,859,474	79,859,474				
Tangible Assets	17,196,948	17,099,239				97,709
Intangible Assets	3,514,433	3,514,433				3,201,916
Investment Properties						
Current Tax Asset						
Deferred Tax Asset						
Other Assets	39,096,916	39,096,916				
Total Assets	1,408,322,668	1,405,457,369	17,029,298		16,826,302	3,299,625
Liabilities						
Deposits	931,077,289					
Funds Borrowed	71,455,326		7,239,013			
Money Market Funds	40,099,316		40,099,316			
Marketable Securities Issued	28,314,103					
Derivative Financial Liabilities at Fair Value Through Profit/Loss	8,840,818				8,840,818	
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income						
Leasing Transaction Liabilities	2,152,207					
Provisions	30,539,092					
Current Tax Liability	6,562,930					
Deferred Tax Liability	1,080,530					
Subordinated Debts	33,558,745					
Other Liabilities	63,266,237					
Shareholders' Equity	191,376,075					
Total Liabilities	1,408,322,668		47,338,329		8,840,818	

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Prior Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
		Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and CBRT	181,923,221	181,923,221				
Banks and Money Market Placements	24,129,301	24,129,301				
Financial Assets at Fair Value Through Profit/Loss	10,572,208	9,441,624			1,130,584	
Financial Assets at Fair Value Through Other Comprehensive Income	87,555,076	87,555,076			1,474,079	
Derivative Financial Assets at Fair Value Through Profit/Loss	21,924,166	21,924,166	21,924,166		9,381,439	
Derivative Financial Assets at Fair Value Through Other Comprehensive Income						
Financial Assets at Amortised Cost-Credit	514,208,750	514,208,750				
Financial Assets at Amortised Cost-Other Financial Assets	46,412,734	46,412,734				
Financial Assets at Amortised Cost-Expected Loss Provisions (-)	28,323,252	28,323,252				
Assets Held for Sale and Discontinued Operations	827,633	827,633				
Investment in Associates, Subsidiaries and Joint-Ventures	39,461,345	39,461,345				
Tangible Assets	8,699,860	8,651,037				48,823
Intangible Assets	1,750,109	1,750,109				1,561,603
Investment Properties						
Current Tax Asset						
Deferred Tax Asset	2,557,610	2,557,610				
Other Assets	14,870,263	14,870,263				
Total Assets	926,569,024	925,389,617	21,924,166		11,986,102	1,610,426
Liabilities						
Deposits	595,628,376					
Funds Borrowed	65,651,426		5,111,969			
Money Market Funds	48,235,495		48,235,495			
Marketable Securities Issued	30,635,812					
Derivative Financial Liabilities at Fair Value Through Profit/Loss	12,586,533				12,586,533	
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income						
Leasing Transaction Liabilities	1,700,439					
Provisions	15,487,318					
Current Tax Liability	1,831,219					
Deferred Tax Liability						
Subordinated Debts	37,470,997					
Other Liabilities	30,502,118					
Shareholders' Equity	86,839,291					
Total Liabilities	926,569,024		53,347,464		12,586,533	

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b2. The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

	Current Period	Total	Credit Risk	Securitization Positions	Counterparty credit risk	Market risk
1	Asset carrying value amount under scope of TAS	1,408,322,668	1,405,457,369		17,029,298	16,826,302
2	Liabilities carrying value amount under scope of TAS				(47,338,329)	8,840,818
3	Total net amount scope of financial statement	1,408,322,668	1,405,457,369		64,367,627	7,985,484
4	Off-balance sheet amounts	885,372,448	158,493,495		23,771,654	
5	Repo style transactions (*)				11,360,476	
6	Differences in valuations					
7	Differences due to different netting rules					
8	Differences due to consideration of provisions					
9	Differences due to prudential filters		(166,370,491)			
10	Differences due to risk mitigation (**)		(32,532,563)			
11	Risk Amounts		1,365,047,811		35,132,130	7,985,484

(*) According to the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", it is the counterparty credit risk amount calculated for repo style transactions.

(**) The source of the difference is collaterals of exposures to which credit risk mitigation is applied in the calculation of capital adequacy.

	Prior Period	Total	Credit Risk	Securitization Positions	Counterparty credit risk	Market risk
1	Asset carrying value amount under scope of TAS	926,569,024	925,389,617		21,924,166	11,986,102
2	Liabilities carrying value amount under scope of TAS				(53,347,464)	12,586,533
3	Total net amount scope of financial statement	926,569,024	925,389,617		75,271,630	600,431
4	Off-balance sheet amounts	670,197,753	139,078,854		26,056,873	
5	Repo style transactions (*)				4,488,558	
6	Differences in valuations					
7	Differences due to different netting rules					
8	Differences due to consideration of provisions					
9	Differences due to prudential filters		(134,964,810)			
10	Differences due to risk mitigation (**)		(65,293,708)			
11	Risk Amounts		864,209,953		30,545,431	600,431

(*) According to the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", it is the counterparty credit risk amount calculated for repo style transactions.

(**) The source of the difference is collaterals of exposures to which credit risk mitigation is applied in the calculation of capital adequacy.

The Bank intends to use fair value measurement methods in accordance with TFRS 13 using valuation methodologies based primarily on observable data. In this context, market prices, quoted prices, prices set by CBRT and published in official gazette and internal pricing models are also utilized in the fair value measurement of the financial assets in the form of securities. Valuation models that use market data such as interest rates, efficiency curves, currency, and volatility curves are used as the basis for derivative transactions while third party valuation services are also available.

The accuracy of the market prices, data and / or model inputs used in valuation under the independent price validation process is regularly checked and the suitability of the results provided by the third-party pricing service is tested at regular intervals.

c. Explanation on Credit Risk

c.1. General Information on Credit Risk

c.1.1. General qualitative information on credit risk

This information is included in footnotes under Section Four, Note II "Explanations on Credit Risk," and Section Four, Note XI-a.1.

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c.1.2. Credit quality of assets:

Current Period	Gross Carrying Value in Financial Statements Prepared in Accordance with Turkish Accounting Standards (TAS)		Allowances/ amortization and impairments	Net Values
	Defaulted	Non-defaulted		
Loans	23,134,130	759,289,191	17,207,112	765,216,209
Debt Securities		269,306,646		269,306,646
Off-balance sheet exposures	1,990,915	453,484,304	1,616,688	453,858,531
Total	25,125,045	1,482,080,141	18,823,800	1,488,381,386

Prior Period	Gross Carrying Value in Financial Statements Prepared in Accordance with Turkish Accounting Standards (TAS)		Allowances/ amortization and impairments	Net Values
	Defaulted	Non-defaulted		
Loans (*)	20,830,559	493,378,191	13,790,995	500,417,755
Debt Securities		138,938,624		138,938,624
Off-balance sheet exposures	1,606,025	323,100,912	1,214,355	323,492,582
Total	22,436,584	955,417,727	15,005,350	962,848,961

(*) The credit balance, which is measured at fair value through profit and loss, as detailed in section five 1-B-3, is not included in the above table.

c.1.3. Changes in stock of default loans and debt securities (*):

	Current Period	Prior Period
Defaulted loans and debt securities at end of the previous reporting period	20,830,559	20,371,472
Loans and debt securities that have defaulted since the last reporting period	14,970,763	6,350,286
Receivables back to non-defaulted status	(497,130)	(1,017,053)
Amounts written off	(4,977,165)	(2,006,458)
Other changes	(7,192,897)	(2,867,688)
Defaulted loans and debt securities at end of the reporting period	23,134,130	20,830,559

(*) Indemnified non-cash loans or non-cash loans not converted into cash, of the firms which are followed under "Non-performing Loans" accounts are not included in the table.

c.1.4. Additional Explanation About the Credit Quality of Assets

Bank's methods for determining provision amounts and classification of its loans are mentioned in the Section Three Note VIII.

The bank is restructuring its loans classified as first and second group as well as non-performing loans and receivables. Restructuring in performing loans are made by granting a new loan or extending the term date of credit given to customer by Bank. Restructuring of a contract is made on customer's demand or with the purpose of enhancing the solvency of customer. Restructuring in non-performing loans are generally made by establishing a new redemption plan within the context of a protocol aiming the collection of those receivables whose redemption plan are not valid because of delinquency previously.

The breakdown of receivables in terms of geographic regions, sectors and remaining maturities are represented in "Explanations on Credit Risk" in the Section Four Notes II.

On the basis of sector-based provisions for receivables are presented in the footnote numbered Section Four II-16. The amounts of the receivables that are set aside for the geographical regions are as follows. The amount of non-performing loans which are written off in 2022 is TL 4,977,165.

	Current Period		Prior Period	
	Non-Performing Loans	Specific Provision	Non-Performing Loans	Specific Provision
Domestic	22,683,339	16,846,075	20,397,941	13,498,359
EU Countries	230,924	154,985	247,369	119,892
OECD Countries (*)	37,019	31,646	35,901	30,765
Off-shore Banking Regions				
USA, Canada	10,098	8,182	7,731	6,382
Other Countries	172,750	166,224	141,617	135,597
Total	23,134,130	17,207,112	20,830,559	13,790,995

(*) OECD countries other than the EU countries, USA and Canada

The aging analysis of past-due receivables is included in Section Four Note II-11

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c.2. Credit risk mitigation

c.2.1. Qualitative Requirements to be Disclosed to The Public Regarding Credit Risk Mitigation Techniques

In the calculation of the Bank's Credit Risk Mitigation in accordance with the "Communiqué on Credit Risk Mitigation Techniques" published in the Official Gazette numbered 29111 on 6 September 2014, the financial collaterals are taken into consideration. The Bank takes local currency and foreign currency deposit pledges into consideration as financial collaterals in calculating regulatory capital adequacy.

Information on key characteristics of the policies and processes related to the assessment and management of collateral are included in footnotes under Section IV No. II, "Credit Risk Explanations".

c.2.2. Credit risk mitigation techniques:

Current Period	Exposures unsecured	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
Loans	735,059,052	13,488,908	11,567,926	16,668,245	15,057,209		
Debt securities	269,306,646						
Total	1,004,365,698	13,488,908	11,567,926	16,668,245	15,057,209		
Of which defaulted	23,134,130						

Prior Period	Exposures unsecured	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
Loans (*)	577,741,977	10,355,755	8,618,981	10,746,384	9,724,012		
Debt securities	153,871,817						
Total	731,613,794	10,355,755	8,618,981	10,746,384	9,724,012		
Of which defaulted	23,623,595						

(*) The credit balance, which is measured at fair value through profit and loss, as detailed in section five 1-B-3, is not included in the above table.

c.3. Credit risk if standard approach is used

c.3.1. Qualitative disclosures about the ratings notes used by banks to calculate credit risk by standard approach

The mentioned disclosure is presented in Section Four Note XI-a.1.

c.3.2. Standard approach - Exposure credit risk and credit risk mitigation effects

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Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet	On-balance sheet amount	Off-balance sheet	On-balance sheet amount	Off-balance sheet
Exposures to sovereigns and their central banks	395,124,248	372	408,343,017	3,672,028	7,992,586	1.94%
Exposures to regional and local governments	192,016	1,579	191,900	267	96,096	50.01%
Exposures to administrative bodies and non-commercial entities	83,157	188,278	81,195	81,443	162,638	100.00%
Exposures to multilateral development banks	738,079		738,079			0.00%
Exposures to international organizations						
Exposures to banks and securities firms	20,433,631	25,969,270	20,430,777	22,174,824	15,517,496	36.42%
Exposures to corporates	341,155,364	223,156,926	322,616,192	116,889,529	377,402,501	85.87%
Retail exposures	182,922,462	153,862,247	178,894,934	7,938,306	145,267,977	77.75%
Exposures secured by residential property	33,886,107	2,424,138	33,793,426	1,121,348	12,220,171	35.00%
Exposures secured by commercial property	29,488,075	5,076,150	29,488,075	3,256,637	19,863,194	60.66%
Past-due loans	5,925,237		5,925,237		4,344,792	73.33%
Exposures in higher-risk categories by the Board	92,190,362	1,575,017	91,861,606	145,491	154,170,082	167.56%
Exposures in the form of bonds secured by mortgages						
Short term exposures to banks, brokerage houses and corporates						
Equity investments in the form of collective investment undertakings	2,611,881	35,000	2,611,881	35,000	2,646,881	100.00%
Equity investments	60,591,899	4,331,668	60,591,899	1,174,766	48,815,130	79.03%
Other exposures	78,246,112		78,246,112		78,823,950	100.74%
Total	1,243,588,630	416,620,645	1,233,814,330	156,489,639	867,323,494	62.38%

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet	On-balance sheet amount	Off-balance sheet	On-balance sheet amount	Off-balance sheet
Exposures to sovereigns and their central banks	247,509,946	950	255,525,435	9,188,437	3,328,651	1,26%
Exposures to regional and local governments	342,151	870	342,041	267	171,168	50,00%
Exposures to administrative bodies and non-commercial entities	508,139	208,921	503,509	84,099	587,608	100,00%
Exposures to multilateral development banks	299,645		299,645			0,00%
Exposures to international organizations						
Exposures to banks and securities firms	21,099,626	21,072,853	21,086,177	16,023,828	12,328,560	33,22%
Exposures to corporates	227,307,338	152,695,779	217,460,719	88,814,213	279,530,445	91,27%
Retail exposures	123,310,683	74,788,316	120,335,451	5,839,139	95,895,190	76,00%
Exposures secured by residential property	24,218,274	1,364,158	24,171,142	606,846	8,672,296	35,00%
Exposures secured by commercial property	25,111,231	3,708,957	25,111,231	2,606,663	17,226,269	62,15%
Past-due loans	6,791,059		6,791,059		5,208,451	76,70%
Exposures in higher-risk categories by the Board	23,813,122	1,246,361	23,493,603	150,646	35,364,332	149,57%
Exposures in the form of bonds secured by mortgages						
Short term exposures to banks, brokerage houses and corporates						
Equity investments in the form of collective investment undertakings	1,536,280	50,000	1,536,280	50,000	1,586,280	100,00%
Equity investments	27,016,787	21,509,499	27,016,787	131,274	15,893,526	58,54%
Other exposures	38,685,526		38,685,526		39,105,820	101,09%
Total	767,549,807	276,646,664	762,358,605	123,495,412	514,898,596	58,12%

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c.3.3. Standardised Approach-Exposures by Risk Classes and Risk Weights:

Current Period	Risk Weights											
	Bank											
	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total
Risk Groups												
Exposures to sovereigns and their central banks	404,022,454					10		7,992,581				412,015,045
Exposures to regional and local governments						192,142		25				192,167
Exposures to administrative bodies and non-commercial entities								162,638				162,638
Exposures to multilateral development banks	738,079											738,079
Exposures to international organizations												
Exposures to banks and securities firms			21,064,541			20,524,535		872,908	112,527		31,090	42,605,601
Exposures to corporates			46,382,576			40,959,223		347,210,029	227,883		4,726,010	439,505,721
Retail exposures							166,261,050	20,572,190				186,833,240
Exposures secured by residential property					34,914,774							34,914,774
Exposures secured by commercial property						25,763,036		6,981,676				32,744,712
Past-due loans						3,161,068		2,763,991	178			5,925,237
Exposures in higher-risk categories by the Board						85,824		78,753	59,637,393		32,205,127	92,007,097
Exposures in the form of bonds secured by mortgages												
Short term exposures to banks, brokerage houses and corporates												
Equity investments in the form of collective investment undertakings								2,646,881				2,646,881
Equity investments								77,860,887		385,225		78,246,112
Other exposures	12,865,658		107,346					48,793,661				61,766,665
Total	417,626,191		67,554,463		34,914,774	90,685,838	166,261,050	515,936,220	59,977,981	385,225	36,962,227	1,390,303,969

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Prior Period	Risk Weights											
	Bank											
	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total
Risk Groups												
Exposures to sovereigns and their central banks	261,385,207					29		3,328,636				264,713,872
Exposures to regional and local governments						342,280		28				342,308
Exposures to administrative bodies and non-commercial entities								587,608				587,608
Exposures to multilateral development banks	299,645											299,645
Exposures to international organizations												
Exposures to banks and securities firms			22,305,274			13,781,596		958,860	11,190		53,085	37,110,005
Exposures to corporates			18,541,595			23,259,559		264,041,919	95,804		336,055	306,274,932
Retail exposures							121,117,602	5,056,988				126,174,590
Exposures secured by residential property					24,777,988							24,777,988
Exposures secured by commercial property						20,983,251		6,734,643				27,717,894
Past-due loans						3,166,861		3,622,553	1,645			6,791,059
Exposures in higher-risk categories by the Board						53,944		96,195	23,494,110			23,644,249
Exposures in the form of bonds secured by mortgages												
Short term exposures to banks, brokerage houses and corporates												
Equity investments in the form of collective investment undertakings								1,586,280				1,586,280
Equity investments								38,405,330		280,196		38,685,526
Other exposures	11,254,535							15,893,526				27,148,061
Total	272,939,387		40,846,869		24,777,988	61,587,520	121,117,602	340,312,566	23,602,749	280,196	389,140	885,854,017

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d. Explanations on Counterparty credit risk

d.1. Qualitative Explanations on Counterparty credit risk

The counterparty credit risk that the Bank is exposed to be managed within the framework of general limit allocation and credit risk mitigation that are outlined in the Credit Risk Policy of the Bank. In setting general credit limits, the counterparty credit risks of customers as well as their cash and noncash risks are taken into account with a holistic view. Moreover, the total position of the transactions which create counterparty credit risk is also monitored under a separate risk limit.

The counterparty credit risk, which stems from derivatives and repo like transactions including transactions with qualified central counterparties that result in liabilities for both sides, is measured according to the Appendix-2 and Appendix-4 of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" Counterparty credit risk valuation method based on the calculation of fair values of the derivative transactions is implemented. In the process of calculating the counterparty credit risk, the Standard Approach is used to determine the risk amounts of derivative transactions. In calculating the risk amount related to derivative transactions; 1.4 times the sum of potential credit risk amounts and positive replacement costs is charged.

Most of the credit risk related to the derivative transactions with other banks is subject to daily collateral clearing agreements mutually signed with related parties and the counterparty credit risk is hence reduced. There are no guarantees received or sold by credit derivatives by the Bank in the context of trading or banking accounts.

d.2. Counterparty credit risk (CCR) approach analysis:

Current Period	Replacement Cost	Potential Future Exposure	EEPE (Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
Standardised Approach -CCR (for derivatives)	5,288,396	6,708,884		1,4	11,997,280	7,255,414
Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					8,501,779	2,800,936
Value-at-Risk (VaR) (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
Total						10,056,350

Current Period	Replacement Cost	Potential Future Exposure	EEPE (Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
Standardised Approach -CCR (for derivatives)	15,126,470	2,525,157		1,4	17,651,627	7,438,966
Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					3,603,297	820,234
Value-at-Risk (VaR) (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
Total						8,259,200

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d.3. Capital obligation for credit valuation adjustment (CVA):

	Current Period		Prior Period	
	Risk Amounts (Post CRM)	Risk Weighted Amounts	Risk Amounts (Post CRM)	Risk Weighted Amounts
Total portfolios subject to the Advanced CVA capital obligation				
(i) VaR component (including the 3x multiplier)				
(ii) Stressed VaR component (including the 3x multiplier)				
All portfolios subject to the Standardised CVA capital obligation	11,997,280	4,117,938	17,651,627	6,061,815
Total subject to the CVA capital change	11,997,280	4,117,938	17,651,627	6,061,815

d.4. CCR exposures by risk class and risk weights:

Current Period	Risk Weights								Total Credit Exposure (*)
	0%	10%	20%	50%	75%	100%	150%	Other	
Risk Groups									
Exposures to sovereigns and their central banks	3,625,929								3,625,929
Exposures to regional and local governments									
Exposures to administrative bodies and non-commercial entities						17			17
Exposures to multilateral development banks									
Exposures to international organizations									
Exposures to banks and securities firms			4,663,983	5,474,983		1			10,138,967
Exposures to corporates			289,620	217,221		6,196,119			6,702,960
Retail exposures					31,186				31,186
Other Exposures								4,757,100	4,757,100
Total	3,625,929		4,953,603	5,692,204	31,186	6,196,137		4,757,100	25,256,159

(*) Other receivables: d.7. includes amounts reported in the table of risks to the central counterparty.

Prior Period	Risk Weights								Total Credit Exposure (*)
	0%	10%	20%	50%	75%	100%	150%	Other	
Risk Groups									
Exposures to sovereigns and their central banks	9,034,901								9,034,901
Exposures to regional and local governments									
Exposures to administrative bodies and non-commercial entities						130			130
Exposures to multilateral development banks									
Exposures to international organizations									
Exposures to banks and securities firms			2,199,970	3,723,422		1			5,923,393
Exposures to corporates			247,813	269,495		5,754,644			6,271,952
Retail exposures					24,547				24,547
Other Exposures								389,140	389,140
Total	9,034,901		2,447,783	3,992,917	24,547	5,754,775		389,140	21,644,063

(*) Other receivables: d.7. includes amounts reported in the table of risks to the central counterparty.

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d.5. Collateral for CCR:

Current Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Received Collateral		Given Collateral			
	Segregated	Unsegregated	Segregated	Unsegregated	Received Collateral	Given Collateral
Cash- Domestic Currency					27,662,201	
Cash- Other Currencies					11,981,322	
Total					39,643,523	

Prior Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Received Collateral		Given Collateral			
	Segregated	Unsegregated	Segregated	Unsegregated	Received Collateral	Given Collateral
Cash- Domestic Currency					40,360,089	
Cash- Other Currencies					8,394,718	
Total					48,754,807	

d.6. Credit derivatives exposures:

None.

d.7. Exposures to central counterparties (CCP):

	Current Period		Prior Period	
	Post CRM risk exposure	RWA	Post CRM risk exposure	RWA
Exposure to Qualified Central Counterparties (QCCPs) (total)		96.361		8.904
Exposures for trades at WCCPs (excluding initial margin and default fund contributions); of which	4.757.100	95.142	389.140	7.782
(i) OTC Derivatives	4.746.787	94.936	387.118	7.742
(ii) Exchange-traded Derivatives				
(iii) Repo-reverse repo transactions, credit securities transactions and securities or commodities lending or borrowing	10.313	206	2.022	40
(iv) Netting sets where cross-product has been approved				
Segregated initial margin	100.538		146.312	
Non-segregated initial margin				
Paid guarantee fund amount	39.347	1.219	40.614	1.122
Unpaid guarantee fund commitment				
Exposures to non-QCCPs (total)				
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which				
(i) OTC Derivatives				
(i) Exchange-traded Derivatives				
(ii) Securities financing transactions				
(iii) Netting sets where cross-product has been approved				
Segregated initial margin				
Non-segregated initial margin				
Pre-funded default fund contributions				
Unfunded default fund contributions				

e. Explanations on securitizations:

None.

f. Market Risk Explanations

f.1. Qualitative information to be disclosed to the public regarding market risk:

Market risk is defined as the risk that may reduce the market value of the trading portfolio due to the changes in the risk factors named interest rate, exchange rates, equities and the price of commodities and options.

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The procedures for the management of market risk are discussed in the Bank's "Asset and Liability Management Risk Policy" and those procedures are in line with the risk/return expectations of the Bank and with the limits that are defined in the risk appetite framework. Limits related to market risk; are established by the Board and are revised periodically in order to reflect market conditions and best practices in the industry. Compliance to those limits is closely monitored by the Risk Management Department, Asset and Liability Management Committee and by the executive departments. Additionally, compliance with the provisions relating to the procedures and policies of market risk management is audited by the internal audit system.

Trading activities of the securities that are included in the calculation of market risk is carried out by taking the Asset-Liability Committee decisions, risk policies and established limits into consideration and risks arising due to these activities are hedged using derivatives transactions where necessary.

Measurement of market risk, reporting of results, and monitoring compliance with the risk limits are among the key responsibilities of the Risk Management Department. Analyses related to market risk are reported to the Risk Committee and to the Board via the Audit Committee by the Risk Management Department.

The trading book of the Bank included in market risk calculations consists of on balance-sheet financial assets that are held for trading intent, derivatives that provide hedge to those instruments and foreign currency positions. The market risk carried by the Bank is measured and monitored using two methods known respectively as the Standard Method and the Value at Risk Model (VAR) and Expected Shortfall in accordance with the local regulations which are established in compliance with the international legislations. In this context, the exchange rate risk emerges as the most important component of the market risk.

The market risk calculations using the Standard Method are performed at the end of each month and the measurement results are included in the statutory reports as well as being reported to the Bank's top management.

The Value at Risk Model and Expected Shortfall are another alternative for the Standard Method used for measuring and monitoring market risk. This model is used to measure the market risk on a daily basis in terms of interest rate risk, currency risk and equity share risk and is a part of the Bank's daily internal reporting. Further retrospective testing (back-testing) is carried out on a daily basis to determine the reliability of the daily risk calculation by the VAR model, which is used to estimate the maximum possible loss for the following day.

Scenario analyses which support the VAR model used to measure the losses that may occur in the ordinary market conditions are practiced, and the possible impacts of scenarios that are developed based on the future predictions and the past crises, on the value of the Bank's portfolio are determined and the results are reported to the Bank's top management.

f.2. Standardised Approach:

	RAT	
	Current Period	Prior Period
Outright Products	17,794,076	9,118,589
Interest rate risk (general and specific)	4,996,400	3,798,288
Equity risk (general and specific)	997,925	464,125
Foreign exchange risk	9,123,063	4,265,063
Commodity risk	2,676,688	591,113
Options	626,412	985,899
Simplified approach		
Delta-plus method	626,412	985,899
Scenario approach		
Securitisations		
Total	18,420,488	10,104,488

g. Explanations on Operational Risk

The operational risk capital requirement is calculated according to Regulation on Measurement and Evaluation of Capital Adequacy of Banks' article number 24, is measured using the Basic Indicator Approach once a year in parallel with domestic regulations. As of December 31, 2022, the operational risk amount is TL 50,403,474 (December 31, 2020: TL 40,291,061) and information about the calculation is given below.

Current Period	2 PP Amount	1 PP Amount	CP Amount	Total/No. of Years of Positive Gross	Rate (%)	Total
Gross Income	19,200,037	27,720,464	33,725,058	3	15	4,032,278
Value at operational risk (Total*12.5)						50,403,474

Prior Period	2 PP Amount	1 PP Amount	CP Amount	Total/No. of Years of Positive Gross	Rate (%)	Total
Gross Income	17,545,195	19,200,037	27,720,464	3	15	3,223,285
Value at operational risk (Total*12.5)						40,291,061

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h. The interest rate risk of the banking book items:

Interest rate risk arising from the banking accounts is defined as negative effect risk on capital of the changes in market interest rates due to differences in interest settlement and re-pricing on, differences in interest-earning assets taking part in the banking book; interest-bearing liabilities; interest-bearing derivative transactions inclusive of the policies established by the Bank Board of Directors, is managed within the framework of the strategies set by the Asset-Liability Management Committee. Compliance with internal risk limits for banking portfolio is closely and continuously monitored by the Risk Management Department and Asset-Liability Committee and the measurement results are reported to the Board of Directors on a monthly basis.

Duration and sensitivity analysis are conducted on a monthly basis by the Bank in the scope of monitoring of interest rate risk arising from the banking books about Interest Rate Risk in the Banking Accounts from the Regulation on Measurement and Assessment of Standard Shock Method which is published in the Official Gazette No. 28034 dated 23 August 2011. In the duration analysis, the maturity gap between assets and liabilities of the balance sheet are determined by the calculation of the weighted average maturities based on the asset that sensitive to interest rate and liabilities and off-balance sheet transactions re-pricing period. In the interest rate risk sensitivity analysis, the influence of the various interest rate change scenarios to the economic value of the Bank's capital is examined.

In the calculations made within the framework of the said regulation, behavioral maturity modeling is performed for demand deposits with low sensitivity to interest changes and whose original maturity is longer than the contractual maturity. In these studies, which are defined as core deposit analysis, based on historical data, calculations are made for what amount of demand deposits will remain within the bank for what maturity, and these analyzes are used as an input in quantifying the interest rate risk arising from banking accounts in a way that does not contradict legal provisions.

Currency	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity – Loss/ Shareholders' Equity
TL	(+) 500	(11,670,706)	(5.17) %
TL	(-) 400	10,850,819	4.81%
EUR	(+) 200	1,455,039	0.64%
EUR	(-) 200	(1,457,745)	(0.65) %
USD	(+) 200	(1,984,592)	(0.88) %
USD	(-) 200	3,182,748	1.41%
Total (for Negative Shocks)		12,575,822	5.57%
Total (for Positive Shocks)		(12,200,259)	(5.41) %

i. Remuneration policy

The Remuneration Committee, which is established to carry out the duties and activities related to the monitoring and supervision of the Bank's remuneration applications on behalf of the Board of Directors, consists of two members. The Remuneration Committee meets at least twice a year, not exceeding six months, and reports to the Board of Directors on the results of the activities carried out and important matters considered to have an impact on the Bank's position. As of the end of 2022, the Remuneration Committee met 8 times and made a total of 12 decisions.

Regarding compliance with the Corporate Governance Principles, the Remuneration Committee monitors and supervises the practices related to wage management on behalf of the Board of Directors; the fees are in line with the Bank's ethical values, internal balances and strategic objectives; the evaluation of the remuneration policy and its practices in the context of risk management; it is responsible for the presentation of the proposals determined in line with the requirements of the salary policy and the other responsibilities determined by the provisions of the applicable legislation and the fulfillment of the duties given by the Board of Directors in this framework.

As of the end of 2022, the number of qualified employees working at the Bank is 29.

The monetary and social rights of employees are determined in accordance with the Chartering Policy in the framework of the legislation related to the Collective Labor Agreement. The Bank carries out its practices with regard to remuneration policies within the framework of relevant banking and capital market legislation. This policy includes all managers and employees.

Premium payments are made once a year to managers and managers who work in branches and headquarters units. It is considered that managerial premium payments are in line with the Bank's long-term strategy and the risks assumed, as well as the performance of its employees. There are no variable fees for qualified employees in the Bank.

The compliance of the wage levels in the bank with the sector wage levels is monitored by participating in independent and anonymous wage surveys, which are held twice a year.

Within the scope of the remuneration policy, the Bank's pricing practices are planned and executed on the basis of effective risk management, prevention of excessive risk taking, compliance with relevant legislation and scope and structure of the bank's activities, strategies, long-term objectives and risk management structures.

The fees to be paid to the managers and employees of the Bank at every stage; It is essential that the Bank is in line with its ethical values, internal balances and strategic objectives, and that it is not only associated with its short-term performance.

Payments made to employees are determined in a manner that will positively impact the Bank's corporate values and on the basis of objective conditions.

Payments to be made to the managers of the units within the internal systems and to their staff are determined by taking into account the performance of the relevant personnel in relation to their functions, as they are in the audit or oversight, or are independent of the performance of the activity unit they control.

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XII. Explanations on Segment Reporting

The Bank's operations are classified as corporate, commercial, retail and private banking, and treasury/investment banking.

Services to the large corporations, SMEs and other trading companies are provided through various financial instruments within the scope of the corporate and commercial operations. Services such as project financing, operating and investment loans, deposit and cash management, credit cards, cheques and bills, foreign trade transactions and financing, letter of guarantees, letter of credits, forfeiting, foreign currency trading, bill collections, payrolls, investment accounts, tax collections and other banking services are provided for the aforementioned customer segments.

Retail banking services are comprised of individuals needs such as deposits, consumer loans, overdraft accounts, credit cards, bill collections, remittances, foreign currency trading, safe-deposit boxes, insurance, tax collections, and investment accounts and by other banking services. All kinds of financing and cash management services provided to individuals in the high-income level are recognized as Private Banking activities.

Treasury transactions are comprised of medium- and long-term funding tools such as securities trading, money market transactions, spot and forward TL and foreign currency trading, and derivative transactions such as forwards, swaps, futures and options, as well as syndications and securitizations. The details about the aforementioned investments are stated in Note I.h-I.i of Section Five.

Statement of information related to business segmentation is given below. Below mentioned information has been prepared with the data obtained from the Bank's management reporting system.

Current Period	Corporate/ Commercial Banking	Individual/ Private Banking	Treasury Transaction/ Investment Activities	Unallocated	Total
Interest Income	61,873,126	20,174,307	40,835,759	571,561	123,454,753
Interest Expense	15,005,791	16,206,784	12,441,592	4,597,133	48,251,300
Fees and Commissions Income	15,296,004	5,145,861		329,019	20,770,884
Fees and Commissions Expense				4,623,986	4,623,986
Dividend Income			38,604		38,604
Trading Income/Loss (Net)			4,522,593		4,522,593
Other Income	3,189,166	503,115	108,479	2,279,788	6,080,548
Expected Credit Loss and Other Provision Expenses	7,017,495	1,568,084	74,602	7,144,263	15,804,444
Other Operating Expense	5,198,926	13,410,401		15,419,951	34,029,278
Income/Loss from Investments in Subsidiaries Accounted by Equity Method			21,790,674		21,790,674
Income Before Tax					73,949,048
Tax Provision					12,411,168
Net Period Profit					61,537,880
Total Assets	588,020,459	157,068,287	398,204,736	265,029,186	1,408,322,668
Total Liabilities	403,518,032	484,887,253	182,268,308	337,649,075	1,408,322,668

Prior Period	Corporate/ Commercial Banking	Individual/ Private Banking	Treasury Transaction/ Investment Activities	Unallocated	Total
Interest Income	31,950,917	12,339,254	16,417,925	196,247	60,904,343
Interest Expense	6,733,700	10,607,910	11,373,446	1,248,018	29,963,074
Commission Income	6,695,135	2,675,474		372,169	9,742,778
Commission Expense				2,122,833	2,122,833
Dividend Income			20,735		20,735
Trading Income/Loss (Net)			(5,149,127)		(5,149,127)
Other Income	2,643,970	307,201	7,414	1,442,985	4,401,570
Provision Expense	7,091,015	688,195	16,416	6,654,541	14,450,167
Other Expense	2,560,293	6,078,683		7,272,713	15,911,689
Income/Loss from Investments in Subsidiaries Accounted by Equity Method			8,003,345		8,003,345
Income Before Tax					15,475,881
Tax Provision					2,007,986
Net Period Profit					13,467,895
Total Assets	394,696,667	99,234,839	228,168,114	204,469,404	926,569,024
Total Liabilities	241,815,534	330,076,297	194,580,263	160,096,930	926,569,024

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

SECTION FIVE: DISCLOSURES AND FOOTNOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. DISCLOSURES AND FOOTNOTES ON ASSETS

a. Cash and Central Bank of Turkey:

a.1. Cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	4,108,843	11,613,711	2,627,481	12,182,962
Central Bank of Turkey	17,590,529	165,193,959	14,652,969	152,099,358
Other		422,611		360,451
Total	21,699,372	177,230,281	17,280,450	164,642,771

a.2. Information on balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	17,590,529	45,894,722	14,652,969	66,674,939
Unrestricted Time Deposit				
Restricted Time Deposit		7,453,446		
Other (*)		111,845,791		85,424,419
Total	17,590,529	165,193,959	14,652,969	152,099,358

(*) The amount of reserve deposits held at the Central Bank of Turkey.

a.3. Information on reserve requirements:

As per the Communiqué no. 2013/15 “Reserve Deposits” of the Central Bank of the Republic of Turkey (“CBRT”), banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué. The reserve deposit rates vary according to their maturity compositions; the reserve deposit rates are realized between 3% - 8% for TL deposits and other liabilities, between 19% - 26% for FC deposits and precious metal deposit accounts and between 5% - 21% for other FC liabilities. Liabilities subject to required reserves are calculated and set aside every two weeks on Friday for 14-day periods.

According to the Communiqué on Required Reserves published in the Official Gazette dated 01.07.2021 and numbered 31528, the possibility of establishing Turkish lira required reserves in foreign currency was terminated as of 01.10.2021.

Within the scope of the CBRT's Communiqué numbered 2021/14, additional required reserve and commission application for foreign currency deposit accounts, effective as of 02.09.2022, according to the conversion rate into Turkish lira time deposit accounts; It has been terminated with the Communiqué numbered 2022/30 published in the Official Gazette dated 31.12.2022 and numbered 32060 with the 5th repetition, effective from the liability period dated 23.12.2022.

On the other hand, as of 23.12.2022, the commission rate to be calculated over the required reserve amount for foreign currency deposit liabilities; In both real and legal person deposits, it is determined as 8% per annum for banks with a Turkish Lira deposit share below 50%, and 3% per annum for banks with a 50% to 60% deposit share.

b. Information on Financial Assets at Fair Value through Profit and Loss:

b.1. Financial Assets at fair value through profit and loss, which are given as collateral or blocked:

As of 31.12.2022, the amount of financial assets given as collateral/blocked at fair value through profit or loss is TL 8,712,789 (December 31, 2021: 4,010,802).

b.2. Financial assets at fair value through profit and loss, which are subject to repurchase agreements::

Financial assets at fair value through profit and loss, which are subject to repurchase agreements as of December 31, 2022, are amounting to TL 161,016 (December 31, 2021: TL 115,057).

b.3. All creditors including the Bank reached an agreement on restructuring the loans granted to the company. As stated in the year 2019, loans of the company had been planning to be restructured based on required permits and necessary approvals within a new special purpose entity which was already incorporated or will be incorporated in the Republic of Turkey and owned by the creditors either directly or indirectly through takeover of the shares, that have been pledged by the company as a guarantee for the credit risk. Above mentioned process was completed in 2018 and, in this context the Bank owns 11.5972% of the newly formed special purpose entity.

At the Ordinary Meeting of General Assembly of 2018 held in 2019, it has been decided to increase the share capital of the mentioned company by TL 3,982,230, all to be covered by common receivables Whereas the Bank's ownership ratio in company share have not changed, the nominal value of the shares owned increased from TL 6 to TL 461,833 respectively. Related amount is under Assets Held for Sale and Discontinued Operations account, while the loan amount remaining after the capital increase is followed under the Financial Assets at Fair Value Through Profit and Loss item on 10.03.2022, a share transfer agreement was signed between the company and TVF for the sale of all A group registered shares, corresponding to 55% of the company's capital, to Türkiye Varlık Fonu (TVF) and on 31.03.2022, the sale and transfer transaction was realized.

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

After the collection of the sales process, any special purpose entity that is the subject of the guarantee granted to the company which is under Financial Assets at Fair Value Through Profit and Loss and the loan amounting to TL 3,920,571, for which impairment provision has been made, was classified as non-performing loans as of 30.06.2022 and it was written off within the framework of the " Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans ".

The shares in the amount of TL 526,236, which are tracked under “Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations” and were reserved for the entire decrease in value, were deleted from the asset together with the decrease in value provision within the scope of registration of the liquidation of the company in the Türkiye Sicil Gazetesi dated 28.12.2022 and numbered 10735.

b.4. TL 2,039,931 of other financial assets consists of the mutual funds; Quasar İstanbul Konut Gayrimenkul and Quasar İstanbul Ticari Gayrimenkul which were founded by İş Portföy Yönetimi A.Ş.

c. Positive differences on derivative financial assets held for trading:

Derivative Financial Assets at Fair Value Through Profit or Loss	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	234,532	689,844	307,790	1,697,249
Swap Transactions	76,983	14,415,860	31,882	18,159,836
Futures				
Options	185,445	180,079	240,718	456,221
Other		1,246,555		1,030,470
Total	496,960	16,532,338	580,390	21,343,776

d. Information on Banks:

ç.1. Information on Banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	72	415,341	118	628,822
Foreign Banks	650,302	21,968,914	168,103	23,332,258
Foreign Head Office and Branches				
Total	650,374	22,384,255	168,221	23,961,080

d.2. Information on foreign banks:

	Restricted Amount		Unrestricted Amount	
	Prior Period	Current Period	Prior Period	Önceki Dönem
EU Countries	6,042,205	6,992,733	1,229,286	2,504,313
USA, Canada	2,147,862	4,798,843		
OECD Countries (*)	3,400,101	3,164,571	977,040	1,732,111
Off-shore Banking Regions				
Other	4,120,368	3,083,978	4,702,354	1,223,812
Total	15,710,536	18,040,125	6,908,680	5,460,236

(*) OECD countries other than the EU countries, USA and Canada.

Expected credit loss for cash and cash equivalents:

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
Beginning of period provisions	62,790			26,379		
Additional provisions within the period	44,684			44,434		
Transfers within the period	(3,349)			(18,484)		
Write-offs from Assets						
Transfer to Stage 1						
Transfer to Stage 2						
Transfer to Stage 3						
Currency Exchange Difference	34,211			10,461		
Current Period Ending Provisions	138,336			62,790		

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

e. Information on Financial Assets at Fair Value through Other Comprehensive Income:

e.1. Information on financial assets at Fair Value through Other Comprehensive Income, which are given as collateral or blocked:

Financial assets at fair value through other comprehensive income, which are given as collateral or blocked, amount to TL 57,585,824 as of December 31, 2022 (December 31, 2021: TL 21,372,033).

e.2. Information on financial assets at Fair Value Through Other Comprehensive Income, which are subject to repurchase agreements:

Financial assets at fair value through other comprehensive income, which are subject to repurchase agreements amount to TL 39,650,302 as of December 31, 2022 (December 31, 2021: TL 32,267,910).

e.3. Information on financial assets at Fair Value through Other Comprehensive Income:

	Current Period	Prior Period
Debt Securities	175,252,541	92,072,307
Quoted on a Stock Exchange	55,488,052	47,467,263
Not- Quoted (*)	119,764,489	44,605,044
Share Certificates	1,096,053	552,328
Quoted on a Stock Exchange		
Not-Quoted	1,096,053	552,328
Impairment Losses (-)	5,752,200	5,094,482
Other		24,923
Total	170,596,394	87,555,076

(*) Refers to the debt securities, which are not quoted on the Stock Exchange, or which are not traded, although quoted, on the Stock Exchange at the end of the related period.

f. Information related to loans:

f.1. 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 Lending to Shareholders				
Corporate Shareholders				
Individual Shareholders				
Indirect Lending to Shareholders				
Loans and Other Receivables to Employees	586,440	967	353,655	861
Total	586,440	967	353,655	861

f.2. Information about the Standard loans and loans under close monitoring and loans under close monitoring that have been restructured:

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	689,334,264	25,728,836	23,359,939	20,866,152
Corporation Loans	240,747,331	11,083,712	16,721,005	10,938,206
Export Loans	100,660,779	596,604	48,627	1,042,531
Import Loans				
Loans Extended to Financial Sector	34,468,286	1,779		
Consumer Loans	106,364,392	9,719,209		2,134,800
Credit Cards	84,734,146	2,849,769	1,091,940	
Other	122,359,330	1,477,763	5,498,367	6,750,615
Specialized Loans				
Other Receivables				
Total	689,334,264	25,728,836	23,359,939	20,866,152

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses (Stage I)	3,676,271		3,417,459	
Significant Increase in Credit Risk (Stage II)		11,705,636		11,094,455

Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

f.3. Information on Maturity analysis of cash loans

Cash Loans	Standard Loans	Loans under close monitoring	
			Restructured Loans
Short-term Loans and Other Receivables	309,589,401	6,155,109	2,963,197
Medium and Long-term Loans and Other Receivables	379,744,863	19,573,727	41,262,894

f.4. Information on consumer loans, retail credit cards, personnel loans and personnel credit cards:

	Short-Term	Medium and Long Term	Interest and Income Accruals	Total
Consumer Loans – TL	9,476,653	100,970,141	1,704,011	112,150,805
Real Estate Loans	52,801	28,685,188	354,540	29,092,529
Vehicle Loans	66,714	3,837,024	44,964	3,948,702
General Purpose Consumer Loans	9,357,138	68,447,929	1,304,507	79,109,574
Other				
Consumer Loans – FC Indexed		1,829	20,024	21,853
Real Estate Loans		1,829	20,024	21,853
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Consumer Loans – FC				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Retail Credit Cards – TL	54,909,240	2,831,098	245,890	57,986,228
With Installments	24,789,032	2,831,098	62,206	27,682,336
Without Installments	30,120,208		183,684	30,303,892
Retail Credit Cards – FC	141,814			141,814
With Installments				
Without Installments	141,814			141,814
Personnel Loans-TL	35,634	165,403	4,708	205,745
Real Estate Loans		7,854	164	8,018
Vehicle Loans	515	2,693	43	3,251
General Purpose Consumer Loans	35,119	154,856	4,501	194,476
Other				
Personnel Loans- FC Indexed				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Personnel Loans – FC				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Personnel Credit Cards – TL	311,164	7,202	423	318,789
With Installments	148,532	7,202		155,734
Without Installments	162,632		423	163,055
Personnel Credit Cards-FC	1,684			1,684
With Installments				
Without Installments	1,684			1,684
Overdraft Accounts – TL (real persons)	5,785,122		54,876	5,839,998
Overdraft Accounts – FC (real persons)				
Total	70,661,311	103,975,673	2,029,932	176,666,916

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

f.5. Information on commercial installments loans and corporate credit cards:

	Short-Term	Medium and Long Term	Interest and Income Accruals	Total
Commercial Loans with Installments-TL	24,126,058	73,604,896	1,429,058	99,160,012
Real Estate Loans	13,434	3,668,187	35,344	3,716,965
Vehicle Loans	3,645,983	24,329,585	281,916	28,257,484
General Purpose Commercial Loans	20,466,641	45,607,124	1,111,798	67,185,563
Other				
Commercial Loans with Installments-FC Indexed		85,235	359,634	444,869
Real Estate Loans		1,779	7,153	8,932
Vehicle Loans				
General Purpose Commercial Loans		83,456	352,481	435,937
Other				
Commercial Loans with Installments-FC	82,158	5,339,350	65,756	5,487,264
Real Estate Loans				
Vehicle Loans				
General Purpose Commercial Loans	82,158	5,339,350	65,756	5,487,264
Other				
Corporate Credit Cards-TL	29,224,515	934,252	49,125	30,207,892
With Installments	15,768,852	934,166		16,703,018
Without Installments	13,455,663	86	49,125	13,504,874
Corporate Credit Cards-FC	19,448			19,448
With Installments				
Without Installments	19,448			19,448
Overdraft Accounts – TL (corporate)	3,233,583		46,826	3,280,409
Overdraft Accounts – FC (corporate)				
Total	56,685,762	79,963,733	1,950,399	138,599,894

f.6. Allocation of loan by borrowers:

	Current Period	Prior Period
Public	6,639,607	6,082,101
Private	752,649,584	487,296,090
Total	759,289,191	493,378,191

f.7. Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	736,260,169	474,816,677
Foreign Loans	23,029,022	18,561,514
Total	759,289,191	493,378,191

f.8. Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	13,925,479	6,287,638
Indirect Loans Granted to Subsidiaries and Associates		
Total	13,925,479	6,287,638

f.9. Information on impairment provisions of Loans (Stage 3):

	Current Period	Prior Period
Loans with Limited Collectability	1,229,326	848,210
Loans with Doubtful Collectability	2,353,691	1,160,409
Uncollectible Loans	13,624,095	11,782,376
Total	17,207,112	13,790,995

f.10. Information on non-performing loans (Net):

f.10.1. Information on non-performing loans, which are restructured or rescheduled:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period			
(Gross amounts before the provisions)	1,199,485	135,860	6,148,323
Restructured Loans	1,199,485	135,860	6,148,323
Prior Period			
(Gross amounts before the provisions)	118,515	54,316	3,333,401
Restructured Loans	118,515	54,316	3,333,401

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

f.10.2. Information on the movement of total non-performing loans

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful	Group V Zarar Niteliğindeki Krediler
Prior Period Ending Balance	1,667,147	2,187,877	16,975,535
Corporate and Commercial Loans	1,104,265	1,748,895	15,745,438
Retail Loans	352,879	277,752	668,497
Credit Cards	210,003	161,230	436,120
Other			125,480
Additions (+)	10,698,709	222,192	4,049,862
Corporate and Commercial Loans	6,793,006	192,631	4,023,541
Retail Loans	2,742,183	20,710	4,161
Credit Cards	1,163,313	8,798	2,350
Other	207	53	19,810
Transfers from Other NPL Categories (+)		7,574,289	4,363,593
Corporate and Commercial Loans		4,821,470	2,910,462
Retail Loans		1,962,973	998,995
Credit Cards		789,639	453,876
Other		207	260
Transfers to Other NPL Categories (-)	7,574,289	4,363,593	
Corporate and Commercial Loans	4,821,470	2,910,462	
Retail Loans	1,962,973	998,995	
Credit Cards	789,639	453,876	
Other	207	260	
Collections (-) (*)	2,269,208	935,582	4,971,531
Corporate and Commercial Loans	1,344,640	368,864	4,527,394
Retail Loans	576,850	372,775	301,815
Credit Cards	347,718	193,943	137,960
Other			4,362
Write-Offs (-)	521	559	4,612,111
Corporate and Commercial Loans	179	205	4,529,659
Retail Loans	309	301	2,352
Credit Cards	33	53	6,308
Other			73,792
Debt Sale (-) (**)		31	363,943
Corporate and Commercial Loans			122,715
Retail Loans			139,108
Credit Cards		31	92,557
Other			9,563
Currency Change Effect	358	272	485,664
Corporate and Commercial Loans	180	137	484,274
Retail Loans	178	135	1,331
Credit Cards			
Other			59
Current Period Ending Balance	2,522,196	4,684,865	15,927,069
Corporate and Commercial Loans	1,731,162	3,483,602	13,983,947
Retail Loans	555,108	889,499	1,229,709
Credit Cards	235,926	311,764	655,521
Other			57,892
Provisions (-)	1,229,326	2,353,691	13,624,095
Corporate and Commercial Loans	798,652	1,644,939	12,092,033
Retail Loans	295,309	514,135	924,637
Credit Cards	135,365	194,617	559,071
Other			48,354
Net Balance on Balance Sheet	1,292,870	2,331,174	2,302,974

(*) As of 31 December 2022, the amount of 4,604,476 TL has been deducted within the framework of the amendment made in the "Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions for These" published in the Official Gazette dated 27 November 2019 and numbered 30961. Details of which are given in Note 1b.3 of Section Five, the loan amounting to TL 4.475.966, which is followed in financial assets at fair value through profit or loss classified as non-performing loans in the current period and has been written off.

(**) In the current period, the part of the receivables constitutes non-performing loans amounting to TL 363,974 are transferred to Emir Varlık Yönetim A.Ş. and İstanbul Varlık Yönetim A.Ş. by collecting TL 76,500 of sales amount in cash.

After the sale of non-performing loans and the write-off, the Banks's non-performing loan ratio decreased from 3.57% to 2.96% as of 31.12.2022.

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f.10.3. Information on foreign currency non-performing loans:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period			
Balance at the End of the Period	1,292,736	3,127,450	9,872,746
Provisions (-)	598,592	1,465,512	8,569,151
Net Balance on Balance Sheet (*)	694,144	1,661,938	1,303,595
Prior Period			
Balance at the End of the Period	602,138	1,070,131	10,547,942
Provisions (-)	291,909	545,376	6,459,390
Net Balance on Balance Sheet (*)	310,229	524,755	4,088,552

(*) In addition to the loans extended in foreign currency, loans which are monitored in Turkish Lira are included.

f.10.4. Information on gross and net non-performing loans as per customer categories:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	1,292,870	2,331,174	2,302,974
Loans to Individuals and Corporate (Gross)	2,522,196	4,684,865	15,869,177
Provisions (-)	1,229,326	2,353,691	13,575,741
Loans to Individuals and Corporate (Net)	1,292,870	2,331,174	2,293,436
Banks (Gross)			
Provisions (-)			
Banks (Net)			
Other Loans (Gross)			57,892
Provisions (-)			48,354
Other Loans (Net)			9,538
Prior Period (Net)	818,937	1,027,468	5,193,159
Loans to Individuals and Corporate (Gross)	1,667,147	2,187,877	16,850,055
Provisions (-)	848,210	1,160,409	11,667,521
Loans to Individuals and Corporate (Net)	818,937	1,027,468	5,182,534
Banks (Gross)			
Provisions (-)			
Banks (Net)			
Other Loans (Gross)			125,480
Provisions (-)			114,855
Other Loans (Net)			10,625

f.10.5. Information on interest accruals, valuation differences and related provisions calculated for non-performing loans:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	80,448	330,000	251,521
Interest accruals and valuation differences	157,503	644,931	1,483,646
Provisions (-)	77,055	314,931	1,232,125
Prior Period (Net)	103,070	136,063	379,597
Interest accruals and valuation differences	205,266	282,220	1,460,295
Provisions (-)	102,196	146,157	1,080,698

f.10.6. Outline of the liquidation policy for uncollectible loans and other receivables

In order to ensure the liquidation of non-performing loans, all possibilities evaluated to ensure maximum collection according to the legislation. Primarily, administrative initiatives are taken to deal with the borrower. Collection through legal proceedings is applied if there is no possibility of collection, liquidation or structuring for receivables through negotiations.

Our receivables that cannot be collected through administrative and legal initiatives can be written off from the assets within the framework of portfolio-based receivables sales or write-offs, by fulfilling the requirements of the Tax Procedure Law.

f.10.7. Information on write-off policy

Receivables classified as non-performing loans are collected primarily within the framework of administrative contacts with the debtors, and if no result is obtained, legal proceedings are applied. In case of deletion of NPLs from assets, one of the methods of destruction, receivable sale and write-off can be applied.

In the Bank's write-off policy within the framework following the amendment made in Article 53 of the Banking Law with the Law on Income Tax and amending Certain Laws No. 19.07.2019/7186, along with the "Classification of Loans and the Procedures and Principles for the Reserves to be Allocated" published in the Official Gazette No. 27.11.2019 / 30961, the following statements are issued:

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- The portion of the receivables, which are followed under the Fifth Group-Loans with a Loss Qualification and for which a lifetime expected credit loss provision has been made due to the default of the debtor, for which there is no reasonable expectation of its collection, can be write-off to the extent of the maximum provision amount,

- write-off is an accounting practice and does not result in the remission of the receivable,

Receivables that are proven to be uncollectible in legal follow-up process can be write-off within the instructions of Tax Procedure Law.

Expected Credit Loss

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Provisions beginning of the period	3,417,459	11,094,455	13,790,995	2,566,751	7,809,169	12,975,961
Additional provisions within the period	2,594,541	4,207,497	9,560,435	2,018,263	6,148,847	3,049,611
Transfers within the period	(2,622,121)	(2,149,836)	(2,558,495)	(1,359,941)	(1,799,663)	(1,468,889)
Write-offs from Assets			(4,976,818)			(1,998,407)
Transfer to Stage 1	477,898	(466,158)	(11,740)	473,529	(466,441)	(7,088)
Transfer to Stage 2	(173,497)	187,085	(13,588)	(361,801)	368,343	(6,542)
Transfer to Stage 3	(46,578)	(1,358,108)	1,404,686	(21,047)	(1,212,754)	1,233,801
Currency Exchange Difference	28,569	190,701	11,637	101,705	246,954	12,548
Provisions at the end of the period	3,676,271	11,705,636	17,207,112	3,417,459	11,094,455	13,790,995

g. Financial Assets Measured at Amortised Cost:

g.1. Financial Assets Measured at Amortised Cost given as collateral or blocked:

Financial assets measured at amortised cost given as collateral or blocked amount to TL 58,013,328 as of December 31, 2022 (December 31, 2021: TL 9,520,594).

g.2. Financial Assets Measured at Amortised Cost subject to repurchase agreements:

Financial assets measured at amortised cost, which are subject to repurchase agreements amount to TL 4,989,769 as of December 31, 2022

(December 31, 2021: TL 17,843,004).

g.3. Information on government securities measured at amortised cost:

	Current Period	Prior Period
Government Bonds	87,040,233	43,662,356
Treasury Bills		
Other Public Debt Securities		
Total	87,040,233	43,662,356

g.4. Information on financial assets measured at amortised cost:

	Current Period	Prior Period
Debt Securities	93,373,997	46,412,734
Quoted on a Stock Exchange	90,007,186	44,951,778
Not Quoted (*)	3,366,811	1,460,956
Impairment Losses (-)		
Total	93,373,997	46,412,734

(*) Indicates unlisted debt securities, and debt securities that have not been traded at the end of the related periods while they are listed

g.5. Movement of financial assets measured at amortised cost within the year:

	Current Period	Prior Period
Beginning Balance	46,412,734	41,659,437
Foreign Exchange Differences Arising on Monetary Assets	2,181,993	2,747,218
Purchases During the Year	55,070,273	15,700,230
Disposals through Sales and Redemption	(19,171,942)	(15,819,174)
Impairment Losses (-)		
Valuation effect	8,880,939	2,125,023
Balance at the End of the Period	93,373,997	46,412,734

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Expected credit loss for financial assets measured at amortised cost

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 1	Stage 1	Stage 2	Stage 2
Beginning Term Provision	20,343			12,001		
Additional Provisions During the Period	53,189			18,508		
Disposal During the Period	(18,655)			(10,266)		
Write-off						
Transfer to Stage 1						
Transfer to Stage 2						
Transfer to Stage 3						
Exchange Rate Differences	68			100		
Period-end Provisions	54,945			20,343		

h. Information on associates (Net):

h.1. General information on associates:

No.	Title	Address (City/ Country)	Bank's Share Percentage- If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1-	Arap Türk Bankası A.Ş.	İstanbul/TURKEY	20.58	20.58
2-	Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	9.09	9.09

h.2. Information on financial statements of associates in the above order (*):

No.	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (**)	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1-	12,228,874	1,872,216	584,891	708,973	63	215,338	163,288	
2-	766,973	155,774	323,951	25,990	1,247	29,975	19,581	

(*) Shows September 30, 2022, amounts for Kredi Kayıt Bürosu A.Ş. and December 31, 2022, amounts for Arap Türk Bankası A.Ş

(**) Includes interest income on securities.

h.3. Movement of investments in associates:

	Current Period	Prior Period
Beginning Balance	311,081	266,305
Movements During the Period		
Purchases		
Bonus Shares Acquired		
Dividends Received from Current Year Profit		
Sales		
Revaluation Increase (*)	88,301	44,776
Impairment		
Other		
Balance at the end of the period	399,382	311,081
Capital commitments		
Contribution in equity at the end of the period (%)		

(*) The differences arising from accounting by equity method is included.

h.4. Sectoral information on financial associates and the related carrying amounts:

Associates	Current Period	Prior Period
Banks	385,225	280,196
Insurance Companies		
Factoring Companies		
Leasing Companies		
Finance Companies		
Other Financial Participations		
Total	385,225	280,196

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h.5. Associates quoted on a stock exchange: None.

h.6. Associates disposed of in the current period: None.

h.7. Associates acquired in the current period: None.

i. Information on subsidiaries (Net):

i.1. Information on the equity of major subsidiaries:

	Türkiye Sınai Kalkınma Bankası A.Ş.	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	Sigorta / Reasürans Şirketleri	İş Finansal Kiralama A.Ş.	İş Yatırım Menkul Değerler A.Ş.	İşbank AG
COMMON EQUITY TIER I CAPITAL						
Common Equity Tier I Capital Before Deductions	13,192,070	13,925,551	8,504,127	3,432,832	6,815,919	7,526,750
Deductions from Common Equity Tier I Capital (-)	497,007	7,969	119,940	16,363	111,128	160,365
Total Common Equity Tier I Capital	12,695,063	13,917,582	8,384,187	3,416,469	6,704,791	7,366,385
ADDITIONAL TIER I CAPITAL						
Additional Tier I Capital before Deductions						
Deductions from Additional Tier I Capital (-)						
Total Tier I Capital	12,695,063	13,917,582	8,384,187	3,416,469	6,704,791	7,366,385
TIER II CAPITAL						
Tier II Capital Before Deductions	4,587,995					
Deduction from Tier II Capital (-)						
Total Tier II Capital	4,587,995					
Total Tier I Capital and Tier II Capital	17,283,058	13,917,582	8,384,187	3,416,469	6,704,791	7,366,385
Total Tier I Capital and Tier II Capital EQUITY	17,283,058	13,917,582	8,384,187	3,416,469	6,704,791	7,366,385

i.2. General information on subsidiaries (*):

No	Title	Address (City/ Country)	Bank's Share Percentage-if Different, Voting Rights (%)	Bank's Risk Group Share Percentage (%)
1-	Anadolu Hayat Emeklilik A.Ş.	İstanbul/TURKEY	62.00	83.00
2-	Joint Stock Company İşbank	Moscow/RUSSIA	100.00	100.00
3-	Join Stock Company İşbank Georgia	Tbilisi/GEORGIA	100.00	100.00
4-	İş Finansal Kiralama A.Ş.	İstanbul/TURKEY	27.79	58.24
5-	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/TURKEY	52.06	64.84
6-	İş Merkezleri Yönetim ve İşletim A.Ş.	İstanbul/TURKEY	86.33	100.00
7-	İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	İstanbul/TURKEY	100.00	100.00
8-	İş Yatırım Menkul Değerler A.Ş.	İstanbul/TURKEY	65.74	70.78
9-	İşbank AG	Frankfurt-Main/GERMANY	100.00	100.00
10-	Kültür Yayınları İş Türk A.Ş.	İstanbul/TURKEY	100.00	100.00
11-	Milli Reasürans T.A.Ş.	İstanbul/TURKEY	87.60	87.60
12-	Trakya Yatırım Holding A.Ş.	İstanbul/TURKEY	100.00	100.00
13-	Türkiye Sınai Kalkınma Bankası A.Ş.	İstanbul/TURKEY	47.68	51.37
14-	Türkiye Şişe ve Cam Fabrikaları A.Ş. (*)	İstanbul/TURKEY	50.93	57.02
15-	MOKA Ödeme ve Elektronik Para Kuruluşu A.Ş.	İstanbul/TURKEY	100.00	100.00

(*) The purchased free float shares of listed subsidiaries in Borsa İstanbul (BIST) namely, Anadolu Hayat Emeklilik A.Ş., İş Finansal Kiralama A.Ş. and Türkiye Şişe ve Cam Fabrikaları A.Ş., which are booked under "Financial Assets at Fair Value Through Profit or Loss" account are not included. (Board of Directors Decision dated December 25, 2015).

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i.3. Information on subsidiaries (Net):

No	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value (**)	Additional Shareholders' Equity Required
1	90,659,179	3,466,207	215,301	1,038,678	513,911	1,391,752	699,988	9,848,720	
2	4,525,552	1,633,192	100,257	408,306		478,226	12,739		
3	2,917,655	828,210	57,507	166,509		82,366	28,165		
4	36,330,079	3,744,045	60,515	3,330,338	19,602	826,766	310,063	5,605,530	
5	17,417,219	13,920,236	13,959,708	44,469	277,409	44,469	1,329,920	10,286,429	
6	173,511	96,048	9,922	6,180	24	21,162	15,618		
7	248,448	114,602	40,380	14,383		24,512	15,532		
8	35,809,603	7,267,688	206,268	76,171	1,756,373	4,529,607	1,233,477	22,215,545	
9	33,318,257	7,920,657	346,362	878,024		323,549	143,158		
10	151,817	115,324	9,690	2,525		33,587	26,174		
11	12,400,448	5,055,936	2,449,885	518,181	222,160	888,620	548,966		
12	1,660,198	1,158,868	689,914	13,601	40,666	80,201	29,067		
13	117,621,660	12,992,456	1,983,415	10,374,234	110,483	4,105,739	1,097,309	12,280,800	
14	163,945,473	95,127,767	81,459,869	2,240,410	1,166,759	20,133,429	9,131,288	132,854,654	
15	468,170	46,570	6,047	4,024		2,351	2,143		

(*) Trakya Yatırım Holding A.Ş., İş Merkezleri Yönetim ve İşletim A.Ş., İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş., Kültür Yayınları İş Türk A.Ş. are December 31, 2021, and others are December 31, 2022.

(**) Fair value represents the market value of the company.

i.4. Movement of investments in subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	39,150,264	25,736,078
Movements in the Period		
Purchases (*)	3,714,714	135,635
Bonus Shares Acquired		
Dividends Received from Current Year Profit		
Sales		
Revaluation Surplus/Deficit (**)	36,595,114	13,278,551
Impairment		
Balance at the End of the Period	79,460,092	39,150,264
Capital Commitments (***)	1,000,000	
Contribution in equity at the end of the period (%)		

(*) The amount in the current period is due to the purchase and capital increase of Trakya Yatırım Holding A.Ş. and İşbank AG and the amount in the prior period is due to the purchasing shares of Moka Ödeme Kuruluşu A.Ş. by cash, İş Gayrimenkul Yatırım Ortaklığı A.Ş., İş Yatırım Menkul Değerler A.Ş. ve Türkiye Sınai Kalkınma Bankası A.Ş.s shares followed in the Financial Assets at Fair Value Through Profit or Loss account is classified under subsidiaries and due to the capital increase of Trakya Yatırım Holding A.Ş.

(**) The differences arising from accounting by equity method is included.

(***) The committed capital of Trakya Yatırım Holding.

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i.5. Sectoral information on financial subsidiaries and the related carrying amounts:

Related Companies	Current Period	Prior Period
Banks	16,800,054	8,036,340
Insurance Companies	7,310,823	4,353,568
Factoring Companies		
Leasing Companies	937,316	544,978
Finance Companies		
Other Financial Subsidiaries	12,325,177	4,678,171
Total	37,373,370	17,613,057

i.6. Subsidiaries quoted on stock exchange:

	Current Period	Prior Period
Traded on domestic stock exchanges	61,173,685	30,173,876
Traded on foreign stock exchanges		
Total	61,173,685	30,173,876

i.7. Subsidiaries disposed of in the current period: None.

i.8. Subsidiaries acquired in the current period: None.

j. Information on jointly controlled entities:

There are no jointly controlled entities of the Bank.

k. Information regarding finance lease receivables of the Bank (Net):

The Bank has no finance lease receivables.

l. Explanations on derivative financial assets held for risk management:

The Bank has no derivative financial assets held for risk management.

m. Information on tangible assets (net):

	Real Estates	Leased Tangible Assets	Buildings Under Construction	Vehicles	Other Tangible Assets	Total
Prior Period						
Cost	6,180,660	2,867,073	84,832	31,315	3,342,423	12,506,303
Accumulated Depreciation	(13,452)	(1,344,413)		(20,343)	(2,428,235)	(3,806,443)
Net Book Value	6,167,208	1,522,660	84,832	10,972	914,188	8,699,860
Current Period End:						
Net Book Value at the Beginning of the Period	6,167,208	1,522,660	84,832	10,972	914,188	8,699,860
Change During the Period (Net) (*)	7,278,554	857,502	19,268	13,331	1,137,208	9,305,863
Depreciation	(31,486)	(467,121)		(4,159)	(408,8719	(911,637)
Impairment	28,990					28,990
Net Currency Translation Differences (*)		5,610		177	68,085	73,872
Cost at the Period End	13,453,256	3,801,501	104,100	44,721	4,423,553	21,827,131
Accumulated Depreciation at the Period End	(9,990)	(1,882,850)		(24,400)	(2,712,943)	(4,630,183)
Closing Net Book Value	13,443,266	1,918,651	104,100	20,321	1,710,610	17,196,948

(*) The balance includes the movements in cost and accumulated depreciation items.

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n. Information on Intangible Assets:

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	1,750,109	1,330,841
Change During the Period (Net) (*)	2,515,348	748,959
Depreciation	(753,272)	(334,798)
Impairment		
Net Currency Translation Differences (*)	2,248	5,107
Cost at the Period End	6,700,672	4,183,060
Accumulated Depreciation at Period End	(3,186,240)	(2,432,951)
Closing Net Book Value	3,514,433	1,750,109

(*) The balance includes the movements in cost and accumulated depreciation items.

o. Explanations on investment property:

The Bank has no investment property.

p. Information on deferred tax asset: None.

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

	Current Period	Prior Period
Balance at the Beginning of the Period	827,633	1,220,094
Transfers (Net)	779,736	(392,461)
Depreciation (Net)		
Impairment Losses (-)	(6,744)	
Balance at the End of the Period	1,600,625	827,633

(*) Cari dönemdeki değişimin 1.249.492 TL'lik kısmı, Genel Energy Plc'nin sermayesindeki %12,28 oranındaki payın, alacağa mahsuben Banka'ya devrine ilişkindir.

Investment in a special purpose company whose details be given in Section Five footnote I.b.3 is classified within the scope of "TFRS-5 Assets Held for Sale and Discontinued Operations". In 2019 the Bank's nominal values in company's capital increased from TL 6 to TL 461,833 respectively. As announced on KAP at the date of 31.03.2022, the sale and transfer of these shares to Türkiye Varlık Fonu has been completed and the provision for a decrease in value has been reserved for the entire investment classified under "TFRS 5- Fixed Assets Held for Sale and Discontinued Operations". The shares in the amount of TL 461,833, which are tracked under "Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations" and were reserved for the entire decrease in value, were deleted from the asset together with the decrease in value provision within the scope of registration of the liquidation of the company in the Türkiye Sicil Gazetesi dated 28.12.2022 and numbered 10735.

The other assets classified as "Assets Held for Sale" consist of securities and real estates. Those real estates subject to sale are announced on the Bank's web site. Announcements about the real estates subject to sale are also made by means of newspaper advertisements and similar media.

r. Information on Other Assets:

The "other assets" item of the balance sheet does not exceed 10% of total assets.

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

II. DISCLOSURES AND FOOTNOTES ON LIABILITIES

a. Information on Deposits:

a.1. The maturity structure of deposits (current period):

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	52,151,311		13,192,421	57,543,852	89,132,133	5,629,299	4,469,259	4,453	222,122,728
Foreign Currency Deposits	250,797,888		43,990,383	138,702,464	12,156,645	2,712,716	15,643,368	1,332	464,004,796
Residents in Turkey	216,603,225		41,815,382	119,253,957	10,256,517	1,609,679	4,488,134	1,312	394,028,206
Residents Abroad	34,194,663		2,175,001	19,448,507	1,900,128	1,103,037	11,155,234	20	69,976,590
Public Sector Deposits	948,455		41,996	218,359	2,352	412	5		1,211,579
Commercial Deposits	55,067,638		53,590,998	12,165,643	19,907,452	8,470,551	4,974,482		154,176,764
Other Institutions Deposits	933,998		1,585,467	2,555,476	126,370	11,971	30,133		5,243,415
Precious Metals Deposits	61,964,641		10,925	3,864,020	221,532	8,091,907	339,773		74,492,798
Interbank Deposits	1,493,230		3,783,386	2,189,927	79	461,663	1,896,924		9,825,209
The Central Bank of the Republic of Turkey	756								756
Domestic Banks	22,356		2,297,918	322,705		400,126			3,043,105
Foreign Banks	1,469,538		1,485,468	1,867,222	79	61,537	1,896,924		6,780,768
Participations Banks	580								580
Other									
Total	423,357,161		116,195,576	217,239,741	121,546,563	25,378,519	27,353,944	5,785	931,077,289

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	29,129,615		10,101,438	62,338,966	8,091,893	879,420	1,026,512	6,422	111,574,266
Foreign Currency Deposits	189,169,045		34,629,765	127,216,568	6,360,203	2,627,763	11,845,167	2,293	371,850,804
Residents in Turkey	170,392,877		32,260,729	110,981,890	4,853,136	1,507,234	4,219,586	1,517	324,216,969
Residents Abroad	18,776,168		2,369,036	16,234,678	1,507,067	1,120,529	7,625,581	776	47,633,835
Public Sector Deposits	1,205,680		11,796	139,914	1,073	374	200		1,359,037
Commercial Deposits	18,126,103		17,701,731	12,082,163	173,276	515,975	28,850		48,628,098
Other Institutions Deposits	602,088		571,697	3,160,538	40,352	2,411	51,875		4,428,961
Precious Metals Deposits	46,013,605			1,055,562	150,880	6,508,325	311,651		54,040,023
Interbank Deposits	1,062,316		555,375	1,133,496	59	149,738	846,203		3,747,187
The Central Bank of the Republic of Turkey	480								480
Domestic Banks	198,421		450,260	538,289		148,477			1,335,447
Foreign Banks	863,350		105,115	595,207	59	1,261	846,203		2,411,195
Participations Banks	65								65
Other									
Total	285,308,452		63,571,802	207,127,207	14,817,736	10,684,006	14,110,458	8,715	595,628,376

Within the framework of the ""Communiqué on Supporting the Transformation into Turkish Lira Deposits and Participation Accounts" published in the Official Gazette dated 24.02.2022 and numbered 31760 and the CBRT's communiques numbered 2021/14, 2021/16, 2022/7 and 2022/11, the Bank offers its customers a TL deposit product with exchange rate protection. As of 31.12.2022, the amount of the foreign exchange-protected deposits opened within this scope is TL 130,418,788 (31.12.2021: 6,116,412 TL).

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

a.2. Savings deposits which are under the guarantee of Savings Deposits Insurance Fund exceeding the insurance limit:

Savings Deposits	Under the Guarantee of Savings Deposits Insurance Fund		Exceeding the Limit of Deposit Insurance Fund	
	Current Period (*)	Prior Period	Current Period	Prior Period
Savings Deposits	98,271,661	54,291,725	122,016,357	56,062,849
Foreign Currency Savings Deposits	76,393,000	58,931,256	221,588,222	175,476,819
Other Deposits in the Form of Savings Deposits	26,836,200	19,430,372	41,995,951	31,613,866
Foreign Branches' Deposits Under Foreign Authorities' Insurance	11,433,523	6,751,204	3,622,595	3,869,864
Off-shore Banking Regions' Deposits Under Foreign Authorities Insurance				

(*) With the Official Gazette dated 27.08.2022 and numbered 31936, a change was made in the determination of the deposits subject to insurance, and all deposits except those belonging to official institutions and credit and financial institutions were covered by insurance. Within this framework, there are commercial deposits amounting to TL 21,845,052 within the scope of the insurance, and the related amount is not shown in the table.

a.3. Savings deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign Branches' Saving Deposits and Other Accounts	3,622,595	3,869,864
Deposits and Other Accounts held by Main Shareholders and their Relatives		
Deposits and Other Accounts of the Chairperson and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	39,447	29,224
Deposits and Other Accounts Covered by Assets Generated Through the Offenses Mentioned in Article 282 of the Turkish Criminal Code No,5237 and Dated 26 September 2004		
Deposits in the Banks to be Engaged Exclusively in Off-shore Banking in Turkey		

b. Information on Derivative Financial Liabilities Held for Trading:

Derivative Financial Liabilities at Fair Value Through Profit or Loss	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	104,067	578,912	2,021,990	237,698
Swap Transactions	2,700,243	5,180,889	4,010,202	5,597,391
Futures				
Options	32,132	244,575	131,283	461,724
Other				126,245
Total	2,836,442	6,004,376	6,163,475	6,423,058

c. Banks and other financial institutions:

c.1. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds borrowed from the Central Bank of Turkey				
Domestic banks and Institutions	802,041	8,117,800	667,413	7,245,047
Foreign banks, institutions and funds	2,564,571	59,970,914	1,837,639	55,901,327
Total	3,366,612	68,088,714	2,505,052	63,146,374

c.2. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	969,816	5,720,964	653,857	6,295,676
Medium and Long-term	2,396,796	62,367,750	1,851,195	56,850,698
Total	3,366,612	68,088,714	2,505,052	63,146,374

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

c.3. Information on funds borrowed:

Information on funds received through syndicated loans and securitization deals, which take a significant place among funds borrowed, are given below.

Syndication loans:

Date of Use	Funds Borrowed	Maturity
June, 2022	257,000,000 USD + 482,960,000 EUR	1 year
November, 2022	191,000,000 USD + 330,500,000 EUR	1 year

Securitization deals:

The Bank obtained funds by way of putting on securitization deals all its claims and receivables based on diversified payment rights in USD, EUR and GBP through TIB Diversified Payment Rights Finance Company.

Information on funds received through securitization is given below.

Date	Structured Entity	Amount	Final Maturity	Remaining Debt Amount as at December 31, 2022
June 2012	TIB Diversified Payment Rights Finance Company	EUR 125,000,000	12 years	EUR 21,875,000
December 2013	TIB Diversified Payment Rights Finance Company	EUR 50,000,000	12 years	EUR 15,000,000
December 2014	TIB Diversified Payment Rights Finance Company	USD 220,000,000	14 years	USD 120,000,000
March 2015	TIB Diversified Payment Rights Finance Company	USD 15,000,000	15 years	USD 13,593,750
October 2015	TIB Diversified Payment Rights Finance Company	USD 221,200,000	10 years	USD 76,037,500
October 2016	TIB Diversified Payment Rights Finance Company	USD 55,000,000	12 years	USD 32,195,112
December 2016	TIB Diversified Payment Rights Finance Company	USD 158,800,000	10-13 years	USD 77,648,334
December 2017	TIB Diversified Payment Rights Finance Company	USD 55,000,000	7 years	USD 22,000,000
December 2017	TIB Diversified Payment Rights Finance Company	EUR 125,000,000	9 years	EUR 101,190,476
August 2022	TIB Diversified Payment Rights Finance Company	USD 227,000,000	5 years	USD 227,000,000

Other Transactions:

As of August 2014, in connection with the future cash flows securitization program amounting to USD 500 million on 10 years maturity, the bank has increased the total amount of the financial instrument USD 600 million by obtaining the same structured USD 100 million in September 2017.

d. Information on Debt Securities Issued (Net):

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	1,755,212		3,133,754	
Bonds	402,745	26,156,146	2,060,702	25,441,356
Total	2,157,957	26,156,146	5,194,456	25,441,356

e. Concentration on the Bank's liabilities:

66% of the Bank's liabilities consists of deposits, 5% of loans borrowed, 4% of securities issued and Tier II subordinated loans. Deposits have spread to a wide customer base with different characteristics. Borrowings are composed of funds obtained from various financial institutions through syndication, securitization, post-financing and money markets.

f. Information on Other Liabilities:

Other liabilities do not exceed 10% of the balance sheet total.

g. Information on Lease Payables (net):

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than 1 Year	516	483	17,713	17,177
Between 1-4 Years	419,468	308,361	171,033	143,594
More than 4 Years	4,271,686	1,843,363	3,642,905	1,539,668
Total	4,691,670	2,152,207	3,831,651	1,700,439

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h. Explanations on Hedging Derivative Financial Liabilities:

The bank has no financial liabilities held for hedging derivatives.

i. Information on Provisions:

i.1. Reserves for employee benefits:

According to the related regulation and the collective bargaining agreements, the Bank is obliged to pay employee termination benefits to employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or to the female employees who have voluntarily quit within one year after the date of their marriage. In accordance with the related regulations, the amount of employee termination benefits is TL 15,371.40 (exact TL amount as of December 31, 2022), which is one month salary for each service year and cannot exceed the base wage ceiling for employee termination benefits. A provision for severance pays to allocate that employees need to be paid upon retirement is calculated by estimating the present value of probable amount. The liability of the Bank arising from severance payment is determined in accordance with the actuarial report prepared by an independent valuation company. As of December 31, 2022, provision amounting to TL 5,290,639 is reflected in the financial statements (December 31, 2021: TL 2,278,323).

Main actuarial assumptions used in calculation of severance pay liability are as follows:

- In the calculation, the discount rate is 22.45%, the inflation rate is 19.80%, and the real wage increase rate is 2%.
- In the calculation, the ceiling of 15,371.40 TL (full TL amount) valid as of 31.12.2022 was taken as basis.
- Retirement age is taken into account as the earliest age at which individuals can retire.
- CSO 1980 mortality table is used for probability of death for women and men.

The movements related to provision for employee termination benefits are given below:

	Current Period	Prior Period
Present value of defined benefit obligation at the beginning of the period	2,278,323	1,393,897
Service Cost	158,573	94,375
Interest Cost	421,268	166,952
Benefits paid	(173,319)	(101,163)
Loss/(Gain) due to Settlements / Reductions / Terminations	10,174	11,064
Past Service Cost	1,941	
Actuarial loss/(gain)	2,593,679	713,198
Defined benefit obligation at the end of the period	5,290,639	2,278,323

In addition to the employee termination benefits the Bank allocates provisions for the unused vacation pay liability. As of December 31, 2022, provision for unused vacation pay is amounting to TL 216,615 (December 31, 2021: TL 114,509).

i.2. Provisions for exchange losses in the principal amount of foreign currency indexed loans: Since foreign currency indexed loans are followed based on the rates on the lending date, the Bank incurs a loss if the exchange rates decrease and makes profit if the exchange rate increases. As of December 31, 2022, and December 31, 2021, provision amount for the currency evaluation losses in the principal amount of foreign currency indexed loans is not available.

i.3. As of December 31, 2021, the Bank's specific provisions for indemnified non-cash loans balance is TL 1,616,688 (December 31, 2021: TL 1,214,355) which is allocated for the non-cash loans of companies whose loans are followed under "Non-performing Loans" accounts.

i.4. Information on other provisions:

i.4.1. Liabilities arising from retirement benefits:

Liabilities of pension funds founded as per the Social Security Act:

Within the scope of the explanations given in Section Three Note XVII, in the actuarial report which was prepared as of December 31, 2022 for Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (İşbank Pension Fund) by a licensed actuary, of which each Bank employee is a member, and which has been established according to the provisional Article 20 of the Social Security Act No. 506, the amount of actuarial and technical deficit stands at TL 8,379,741. As of the same date, a provision was reserved for this amount in the financial statements.

The above-mentioned actuarial audit, which was made in accordance with the principles of the related law, measures the cash value of the liability as of December 31, 2022, in other words; it measures the amount to be paid to the Social Security Institution by the Bank. Actuarial assumptions used in the calculation are given below.

- 9.8% technical deficit interest rate is used.
- 34.5% total premium rate is used.
- CSO 1980 woman/man mortality tables are used.

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Below table shows the cash values of premium and salary payments of the Bank as of December 31, 2022, taking the health expenses within the Social Security Institution limits into account.

	Current Period	Prior Period
Net Present Value of Total Liabilities Other Than Health	(30,350,1649	(15,810,869)
Net Present Value of Long-Term Insurance Line Premiums	13,123,522	5,858,707
Net Present Value of Total Liabilities Other Than Health	(17,226,642)	(9,952,162)
Net Present Value of Health Liabilities	(2,986,675)	(1,873,541)
Net Present Value of Health Premiums	9,514,553	4,247,562
Net Present Value of Health Liabilities	6,527,878	2,374,021
Pension Fund Assets	2,319,023	1,483,086
Amount of Actuarial and Technical Deficit	(8,379,741)	(6,095,055)

The assets of the pension fund are as follows.

	Current Period	Prior Period
Cash and Cash Equivalents	1,240,842	984,609
Securities Portfolio	742,714	439,018
Other	335,467	59,459
Total	2,319,023	1,483,086

Health benefits that are still being paid will be determined within the framework of the Social Security Institution legislation and related regulations with the transfer.

i.4.2. Provision of credit cards and promotion of banking services applications: As of December 31, 2022, the Bank has recognized provisions amounting to TL 235,129 for the amount which is recognized within the framework of credit card expenses of credit card customers or promotions for banking services. (December 31, 2021: TL 108,873).

i.4.3. As mentioned public disclosures of the Bank on December 31, 2012 and December 19, 2013; an inspection has been made by the inspectors of Tax Inspection Board to "Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı" ("İşbank Supplementary Pension Fund"), which was founded as per the provisions of the Turkish Commercial and Civil Codes, regarding the payments that fulfill İşbank's liabilities within the framework of the Articles of Foundation of the Pension Fund and the relevant legislation. As a result of this investigation, tax audit reports were prepared for the years 2007, 2008, 2009, 2010, 2011 claiming that the aforementioned liabilities should be taxed in terms of wage base, thus, they should be subject to withholding tax and stamp duty. According to this report, the total amount of tax and penalties notified to Bank was TL 74,353 for 2007 and 2008; and as of reporting date TL 151,899 for 2009, 2010 and 2011 and it was stated that the Bank applied to tax courts to cancel these tax notifications and some of the court decisions were determined in favor of the Bank and some others were determined against the Bank.

In this context, for the finalized decisions of Regional Administrative Courts related to the years 2007 and 2008 against the Bank, the Bank applied to the Constitutional Court. According to decisions made by Constitutional Court up to reporting date, there is no predictability in legal conformity for taxing the Bank's contributions to the Pension Fund in terms of wage base and for this reason it was accepted that property right of the Bank has been violated according to the 35th article of Constitution. The Court decided that the amount of tax, penalties and default interest which was paid by the Bank should be paid back to the Bank as for compensation with its legal interest.

According to the decision of the Constitutional Court, it is expected that the cases related to the periods 2007, 2008, 2009, 2010 and 2011 will conclude in favor of the Bank. In this context, the provisions amounting to TL 207,402 which had been allocated for the mentioned periods, reversed at 2015.

In the last decision of the constitutional court numbered 2016/2400 regarding the legal proceedings initiated upon the conclusion of the lawsuits amounting to TL 61,060 for the 20 periods in 2012 and 2013 against the bank; it was accepted that the predictability criterion was realized after the 2012 tax review, and it was concluded that the Bank's ownership rights were not violated for December 2012 and beyond periods. However, since the aforementioned periods were filed by making a reservation and paying taxes, the mentioned decision had no additional effect on the financial statements. In addition, at two case files, which was one of the lawsuits regarding the repayment of income tax stoppage and stamp tax which has been paid by reservation statement beginning from December 2013, of which its court decision was rendered in favour of the Bank, has been reversed by the majority of the votes of the Assembly after it was submitted to the General Assembly of Tax Courts and the decisions were finalized against the Bank. Regarding the mentioned issue, the legal process is ongoing.

Within the scope of these developments, the Bank recognized provisions amounting to TL 12,622 (December 31, 2021: TL 162,960).

i.4.4. In 1993, Dışbank A.Ş. shares which were owned by the Bank were sold to Lapis Holding A.Ş. In 2008, it was claimed that USD 75 million of the amount, which was paid upfront within the context of the sale agreement, had been provided from the funds of the insolvent TYT Bank A.Ş. by the buyer and payment of the mentioned amount as well as the interest to be calculated to the Savings Deposit Insurance Fund (SDIF) was demanded.

The administrative actions initiated by the SDIF in 2008 were revoked by Council of State Administrative Law Chambers 13th upon the application of the Bank. The decisions which were in favour of the Bank were reversed by Plenary Session of the Law Chamber upon the appeal of the SDIF. Council of State Administrative Law Chambers 13th decided to reject the applications of the Bank in January 2016 due to their obligation to obey the decisions of reversal.

After the aforementioned court decisions, although the legal process was still in progress, the collection procedures were carried out within the context of Law No. 6183 and TL 298,466 including the default interest, was collected from the Bank by the SDIF at prior periods and made provision for the whole amount.

As a part of the legal process, individual application to the Constitutional Court of Republic of Turkey has been made by the Bank was not concluded positively. Regarding the ongoing lawsuits, the negative declaratory action brought against the Bank to determine that the Bank is not a debtor has been finalized against the Bank. In this context, necessary provision has been made by the Bank in the financial statements dated 31.12.2022 for the difference between the down payment regarding the sales contract stated above and the amount of 52.6 million USD paid in 2016. legal process is still ongoing

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

i.4.5. Except the other provisions indicated above, the Bank Management allocated free provision within conservatism principle, for negative circumstances which may arise from the possible changes that may arise in the economy and market conditions, amounting to TL 8,475,000 of which TL 4,075,000 provided in prior years and TL 4,400,000 was provided in the current period.

j. Information on Tax Liability:

j.1. Information on current tax liability:

j.1.1. Information on tax provision:

Explanations in relation to taxation and tax calculations were stated in section three notes XVIII. As of 31.12.2022, the remaining corporate tax debt as a result of netting of temporary taxes paid with corporate tax liability is TL 5,311,636.

j.1.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	5,311,636	1,051,363
Tax on Securities Income	376,516	234,685
Tax on Real Estate Income	7,431	5,590
Banking Insurance Transaction Tax	570,782	324,422
Foreign Exchange Transaction Tax	52,378	117,926
Value Added Tax Payable	67,390	23,653
Other	158,108	65,785
Total	6,544,241	1,823,424

j.1.3. Information on premiums:

	Current Period	Prior Period
Social Security Premiums – Employees	646	267
Social Security Premiums – Employer	756	329
Bank Pension Fund Premiums – Employees		
Bank Pension Fund Premiums – Employer		
Pension Fund Membership Fees and Provisions-Employees		
Pension Fund Membership Fees and Provisions-Employer		
Unemployment Insurance – Employees	5,759	2,397
Unemployment Insurance – Employer	11,520	4,796
Others	8	6
Total	18,689	7,795

j.2.Information on deferred tax liabilities:

The Bank have TL 1,080,530 deferred tax liability as of December 31, 2022. The related deferred tax debt is calculated over the temporary differences between the book values of assets and liabilities in the records and their tax base values calculated according to tax. If the items constituting the temporary differences are followed up among the equity items, the deferred tax asset/liability calculated over the mentioned temporary differences is associated with the related equity items.

	Current Period	Prior Period
Deferred Tax (Asset)/Liability:		
Tangible Assets Base Differences	1,900,474	715,369
Provisions (*)	(7,694,748)	(5,339,164)
Valuation of Financial Assets	6,930,464	1,799,736
Other	(55,660)	266,449
Net Deferred Tax (Asset)/Liability:	1,080,530	(2,557,610)

(*) Consists of employee benefits liabilities, actual and technical deficit of pension fund, credit card point provisions, expected loss provisions for Stage I and II loans and other provisions.

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

	Current Period	Prior Period
Beginning Value	2,557,610	3,420,494
Deferred Tax Income / (Expense) (Net)	4,792,962	(904,208)
Deferred Tax Accounted Under Equity	(8,430,917)	41,245
Deferred Tax Accounted Under Previous Year P / L		
Exchange rate differences	(185)	79
Net Deferred Tax (Asset)/Liability:	(1,080,530)	2,557,610

k. Information on Payables for Assets Held for Sale and Discontinued Operations

The Bank does not have any payables for assets held for sale and discontinued operations.

l. Information on subordinated loans:

Bank has issued subordinated debt securities, to be included in the contribution capital calculation, with the following nominal values;

- 10 year-term in the amount of USD 400,000,000 with interest rate of 7.85% on December 10, 2013, 11 year-term having a call option on 6th year in the amount of USD 500,000,000 with interest rate of 7% on June 29, 2017 and 10 year-term having a call option on 5th year in the amount of USD 750,000,000 with interest rate of 7.75% on January 22, 2020 for the purpose of making available to the individuals and legal persons who are resident abroad,
- TL 1,100,000,000 on August 8, 2017, TL 800,000,000 June 19, 2019, and TL 350,000,000 September 26, 2019 (Full TL amount) each with a 10-year maturity and floating interest rates for qualified investors without being offered to the public in Turkey.

The total of the aforementioned debt securities is TL 33,558,745 as of December 31, 2022 (December 31, 2021: TL 37,470,997).

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments To Be Included In Additional Capital Calculation				
Subordinated Loans				
Subordinated Debt Instrument				
Debt Instruments To Be Included In Contribution Capital Calculation	2,277,824	31,280,921	2,296,445	35,174,552
Subordinated Loans				
Subordinated Debt Instrument	2,277,824	31,280,921	2,296,445	35,174,552
Total	2,277,824	31,280,921	2,296,445	35,174,552

m. Information on shareholders' equity:

m1. Presentation of paid-in capital:

	Current Period	Prior Period
Common shares	9,999,970	4,499,970
Preferred shares	30	30
Total	10,000,000	4,500,000

m.2. Explanation as to whether the registered share capital system ceiling is applicable at the Bank, if so, the amount of registered share capital:

Capital System	Paid-in Capital	Ceiling
Registered Capital System	10,000,000	10,000,000

BRSA and CMB approvals regarding the increase of the registered capital ceiling to 25,000,000 TL have been obtained and the approval of the Ministry of Commerce has been applied.

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m.3. The capital increase made in current period:

It has been decided to increase the paid-in capital of the Bank from TL 4,500,000 to TL 10,000,000, fully covered by internal resources (extraordinary reserves). Accordingly, the process of capital increase was completed during the period and the registration of the new capital was carried out on 16.06.2022.

m.4. Information on capital increase through transfer from capital reserves during the current period: None.

m.5. Significant commitments of the Bank related to capital expenditures within the last year and the following quarter, the general purpose thereof, and the estimation of funds required for them: There is no capital commitment.

m.6. Information regarding the shares of the company acquired: The Bank has repurchased shares amounting to TL 530,307 in accordance with the Board of Directors Decision dated August 17, 2018.

m.7. Previous periods' indicators related to income, profitability and liquidity, and the estimated effects of forecasts, which are to be made by taking into consideration the uncertainties of these indicators, on the Bank's equity: The Bank's balance sheet is managed in a prudent way to ensure that the effect of risks arising from interest rates, exchange rates and loans is at the lowest level.

m.8. Privileges Granted to Shares:

Turkish Commercial Law and related registration are kept conditionally; Group (A) shares each with a nominal value of 1 Kurus have the privileges of;

- Receiving 20 times the number of shares in the distribution of bonus shares issued from conversion of extraordinary and revaluation reserves generated in accordance with the relevant laws (Article 18 of the Articles of Incorporation)
- Exercising the preference rights as 20 times (Article 19 of the Articles of Incorporation), and

Despite having a lower nominal value, Group (B) shares, each with a nominal value of 1 Kurus, have the same rights with the Group (C) shares having a nominal value of 4 Kurus each. Furthermore, Group (A) and (B) shares, each with a nominal value of 1 Kurus, are granted privileges in distribution of profits pursuant to Article 58 of the Articles of Incorporation.

m.9. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets At Fair Value Through Other Comprehensive Income	29,145,057	(4,586,932)	3,390,517	(2,730,702)
Valuation Difference	38,852,687	(5,949,482)	4,232,605	(3,353,951)
Deferred Tax Effect	(9,707,630)	1,362,550	(842,088)	623,249
Foreign Exchange Differences				
Total	29,145,057	(4,586,932)	3,390,517	(2,730,702)

n. Information on Dividend Distribution:

At the Bank's Ordinary General Assembly, held on March 25, 2022, it was decided to allocate net profit from operating activities of 2021, amounting to TL 13,467,895 as follows;

- Resulting from the disposal of certain immovables, which are realized within the framework of the equity method specified in the "TAS 27 - Individual Financial Statements" accounting standard, resulting from the application of the "TFRS 9 - Financial Instruments" reporting standard, and which are followed within the scope of the "TAS 16 - Tangible Fixed Assets" accounting standard, adding a total of 5,414,586 TL,
- Addition of the provision amount of TL 360,000 allocated during the period for the profit share to be distributed to the personnel within the framework of the accounting standard "TAS 19-Benefits Provided to the Employees",
- The total amount of TL 143,605, which includes TL 35,132 from real estate sales profits to use for capital increase and TL 108,473 from the amount allocated as venture capital fund, of the balance sheet profit to be distributed amounting to TL 19,242,481 allocation as special reserve fund,

of the amount as a basis for distribution of TL 19,098,876;

- TL 1,346,780 to A, B and C group shares as cash,
- TL 10 to the founding shares as cash,
- TL 359,481 as cash dividend to employees to be distributed,
- TL 17,392,605 as legal and extraordinary reserves to be reserved,

has been decided. As of March 28, 2022; TL 17,536,210 was transferred to reserves account, cash dividends were distributed to the shares other than the shares acquired by the Bank, as of April 1, 2022.

Since the Bank's Ordinary General Assembly Meeting for 2022 has not been held as of the report date, the profit from the activities of the aforementioned period has not been distributed.

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III. DISCLOSURES AND FOOTNOTES ON OFF BALANCE SHEET ITEMS

a. Explanations to Liabilities Related to Off-Balance Sheet Items:

a.1. Types and amounts of irrevocable loan commitments:

Commitment for customer credit card limits amounts to TL 112,111,363 and commitment to pay for cheque leaves amounts to TL 5,447,537. The amount of commitment for the forward purchase of assets is TL 2,302,086 and for the forward sale of assets is TL 2,214,219.

a.2. The structure and amount of probable losses and commitments resulting from off-balance sheet items, including those below:

As of December 31, 2022, the Bank's provisions for indemnified non-cash loans balance is TL 1,616,688 (December 31, 2021: TL 1,214,355) which is allocated for the non-cash loans of companies whose loans are followed under "Non-performing Loans" accounts. Commitments are shown in the table of "off-balance sheet items".

a.3. Guarantees, bank acceptances, collaterals that qualify as financial guarantees, and non-cash loans including other letters of credit:

	Current Period	Prior Period
Bank Acceptances	9,331,476	14,781,851
Letters of Credit	53,246,223	42,895,203
Other Guarantees	4,836,131	4,260,876
Total	67,413,830	61,937,930

a.4. Certain guarantees, provisional guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Letters of Tentative Guarantees	2,855,259	1,708,305
Letters of Certain Guarantees	107,173,811	71,821,482
Letters of Advance Guarantees	19,399,879	12,802,694
Letters of guarantee given to customs offices	9,508,835	6,090,285
Other Letters of Guarantee	40,344,900	39,074,727
Total	179,282,684	131,497,493

a.5. Total Non-cash Loans:

	Current Period	Prior Period
Non-cash Loans against Cash Risks	40,344,898	39,074,716
With Original Maturity of 1 Year or Less	11,721,587	9,466,630
With Original Maturity More Than 1 Year	28,623,311	29,608,086
Other Non-cash Loans	206,351,616	154,360,707
Total	246,696,514	193,435,423

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a.6. Sectoral risk concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	612,476	0.68	278,356	0.18	296,207	0.64	574,535	0.39
Farming and Livestock	490,047	0.54	239,893	0.15	199,806	0.43	229,323	0.16
Forestry	107,093	0.12		0.00	82,391	0.18	1,734	0.00
Fishery	15,336	0.02	38,463	0.03	14,010	0.03	343,478	0.23
Industry	32,015,377	35.54	87,898,245	56.12	12,116,069	26.30	88,813,291	60.27
Mining and Quarrying	1,003,633	1.11	1,098,016	0.70	320,342	0.70	928,731	0.63
Manufacturing Industry	24,723,856	27.45	77,959,018	49.77	8,066,185	17.50	79,892,456	54.21
Electricity, Gas, Water	6,287,888	6.98	8,841,211	5.65	3,729,542	8.10	7,992,104	5.43
Construction	10,050,697	11.16	24,793,816	15.83	7,521,162	16.33	20,920,930	14.20
Services	47,046,797	52.24	42,402,651	27.07	25,865,094	56.15	36,245,354	24.59
Wholesale and Retail Trade	27,079,113	30.07	20,128,969	12.85	15,532,556	33.72	17,777,209	12.06
Hotel and Restaurant Services	1,159,849	1.29	790,171	0.50	450,043	0.98	1,711,937	1.16
Transport and Communications	5,336,375	5.93	11,905,619	7.60	3,081,863	6.69	7,815,025	5.30
Financial Institutions	9,684,784	10.75	7,338,409	4.69	4,543,921	9.86	6,974,597	4.73
Real Estate and Rental Services.	2,320,340	2.58	1,785,260	1.14	1,418,515	3.08	1,340,206	0.91
Self-Employment Services	812,991	0.90	128,125	0.08	502,777	1.09	303,205	0.21
Education Services	111,558	0.12	6,549	0.01	73,900	0.16	5,300	0.00
Health and Social Services	541,787	0.60	319,549	0.20	261,519	0.57	317,875	0.22
Other	337,958	0.38	1,260,141	0.80	267,825	0.58	814,956	0.55
Total	90,063,305	100	156,633,209	100	46,066,357	100	147,369,066	100

a.7. Non-cash Loans classified under Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
Non-cash Loans	88,634,615	150,949,970	1,162,109	4,125,769
Letters of Guarantee	82,888,613	89,832,287	1,160,609	3,632,062
Bank Acceptances	5,575,390	3,713,689	1,500	40,897
Letters of Credit	170,612	52,620,740		452,810
Endorsements				
Underwriting Commitments of the Securities Issued				
Factoring Related Guarantees				
Other Guaranties and Warranties		4,783,254		

b. Explanation on Derivative Financial Instruments:

Majority of the Bank's derivative transactions comprise foreign currency and interest rate swaps, forward foreign exchange trading, and currency and interest rate options. Even though some derivative transactions economically provide risk hedging, since all necessary conditions to be defined as items suitable for financial risk hedging accounting are not met, they are recognized as "fair value through profit or loss" within the framework of TFRS 9 "Financial Instruments".

c. Explanations Related to Contingencies and Commitments:

Balance of the "Other Irrevocable Commitments" account, which comprised the letters of guarantees, guarantees and commitments submitted by the Bank pursuant to its own internal affairs and guarantees given to third parties by other institutions in favor of the Bank and the commitments due to housing loans extended within the scope of unfinished house projects followed amounts to TL 18,101,440.

The cheques given to customers is presented under off balance sheet commitments, as per the related regulations is amounting to TL 5,447,537. In case the cheques presented for payment to beneficiaries are not covered, the Bank will be obliged to pay the uncovered amount up to TL 3,000 (in exact TL amount) for the cheques that are subject to the Law numbered 3167 on "the Regulation of Payments by Cheque and Protection of Cheque Holders", and up to TL 3,600 (in exact TL amount) for the cheques that are subject to the "Cheque Law" numbered 5941. The uncollected amount will be followed under "Indemnified Non-Cash Loans".

d. Explanations related to transactions made on behalf of or on the account of others:

It is explained in Note X under Section Four.

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IV. DISCLOSURES AND FOOTNOTES ON STATEMENT OF INCOME

a. Interest Income

a.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	22,751,665	3,985,147	9,588,271	1,260,182
Medium and Long-term Loans	39,871,722	13,533,080	24,105,926	8,549,468
Interest on Non-performing Loans	2,436,866	1,429	944,278	130
Premiums Received from State Resource Utilization Support Fund				
Total	65,060,253	17,519,656	34,638,475	9,809,780

(*) Includes fee and commission income on cash loans.

a.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey		52,130		
Domestic Banks	155,264	2,725	71,739	528
Foreign Banks	39,543	194,883	31,889	29,548
Foreign Head Offices and Branches				
Total	194,807	249,738	103,628	30,076

a.3. Information on interest income from securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	49,293	186,669	52,159	75,959
Financial Assets at Fair Value Through Other Comprehensive Income	21,905,813	2,341,238	8,216,820	1,204,383
Financial Assets Measured at Amortised Cost	14,951,212	224,110	5,757,657	127,244
Total	36,906,318	2,752,017	14,026,636	1,407,586

As detailed in Note VII of Chapter III, the Bank has consumer price indexed (CPI) government bonds classified as financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and financial assets measured by amortized cost in its securities portfolio. In the case of CPI forecast changes by 100 basis points in a positive or negative direction, as of 31 December 2022, the Parent Bank's pre-tax profit will increase by approximately TL 127 million (full amount) or decrease by the same amount.

a.4. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	1,253,289	613,651

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b. Interest Expense

b.1. Information on interest expense from funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	405,533	2,060,113	315,064	991,290
Central Bank of Turkey				
Domestic Banks	130,560	218,652	88,398	138,803
Foreign Banks	274,973	1,841,461	226,666	852,487
Foreign Head Offices and Branches				
Other Institutions		527,877		223,920
Total (*)	405,533	2,587,990	315,064	1,215,210

(*) Includes fee and commission expenses from cash loans

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

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	820,602	409,674

b.3. Information on interest paid on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Securities Issued	1,144,803	4,625,715	1,260,390	3,501,106

b.4. Information on Interest Expense on Deposits According to Maturity Structure:

Current Period	Demand Deposits	Time Deposits						Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year	Accumulated Deposits	
TL								
Bank Deposits	75	215,565	132,256					347,896
Savings Deposits	8	1,540,779	8,305,750	9,067,691	536,973	396,682	464	19,848,347
Public Sector Deposits		2,663	23,780	10	42	2		26,497
Commercial Deposits	129	4,551,092	1,637,449	2,488,692	1,457,150	379,004		10,513,516
Other Institutions Deposits		117,461	562,135	18,097	1,699	223		699,615
Deposits with 7 Days Notice								
Total	212	6,427,560	10,661,370	11,574,490	1,995,864	775,911	464	31,435,871
FC								
Foreign Currency Deposits	57	90,662	616,716	55,377	6,079	166,602	2	935,495
Bank Deposits	18	51,284	14,074	2,463	1,775	15,267		84,881
Deposits with 7 Days Notice								
Precious Metals	75	141,957	637,314	58,584	24,276	182,759	2	1,044,967
Deposits		11	6,524	744	16,422	890		24,591
Total	75	141,957	637,314	58,584	24,276	182,759	2	1,044,967
Grand Total	287	6,569,517	11,298,684	11,633,074	2,020,140	958,670	466	32,480,838

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Prior Period	Demand Deposits	Time Deposits						Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year	Accumulated Deposits	
TL								
Bank Deposits								
Savings Deposits		236,834	109,341					346,175
Public Sector Deposits	10	1,089,360	10,622,231	622,976	87,086	115,091	645	12,537,399
Commercial Deposits		1,257	11,337	328	47	9		12,978
Other Institutions Deposits	58	1,811,687	2,203,211	59,735	285,246	3,697		4,363,634
Deposits with 7 Days' Notice		44,565	438,198	51,297	446	4,064		538,570
Total								
FC	68	3,183,703	13,384,318	734,336	372,825	122,861	645	17,798,756
Foreign Currency Deposits	89	18,582	177,776	6,848	3,396	62,602	1	269,294
Bank Deposits	88	327	457	307	495	380		2,054
Deposits with 7 Days Notice								
Notice			3,363	411	10,611	637		15,022
Deposits	177	18,909	181,596	7,566	14,502	63,619	1	286,370
Total	245	3,202,612	13,565,914	741,902	387,327	186,480	646	18,085,126
Grand Total								

c. Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss	12,976	9,176
Financial Assets at Fair Value Through Other Comprehensive Income	25,628	11,559
Other		
Total	38,604	20,735

d. Information on trading income/losses (Net):

	Current Period	Prior Period
Income		
Securities Trading Gains	3,326,481	381,403
Gains on Derivative Financial Instruments (*)	40,382,196	33,122,723
Foreign Exchange Gains	1,548,951,173	1,931,276,362
Losses (-)		
Securities Trading Losses	11,654	24,296
Losses on Derivative Financial Instruments (*)	53,925,636	34,168,985
Foreign Exchange Losses	1,534,199,967	1,935,736,334
Trading Income /Losses (Net)	4,522,593	(5,149,127)

(*) Income arising from foreign currency changes related to derivative transactions amounts to TL 27,805,262 and the losses amount to TL 44,333,328 and the amount of net losses TL 16,528,066 (December 31, 2021, profit: TL 28,826,011, loss: TL 30,043,929).

e. Information on other operating income

Other operating income mainly consists of expected credit loss reversals or collections from Stage 3 loans, and income from fees received from customers in return for various banking services and sales of fixed assets. On the other hand, the judicial process regarding the refund of the administrative fine paid by the Bank in accordance with the decision of the Competition Board in 2013 was concluded in favor of the Bank, and the administrative fine of TL 109,992 paid by the Bank was refunded.

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f. Information on expected credit loss and other provision expense:

	Current Period	Prior Period
Expected Credit Loss	10,036,266	10,837,246
12 Month Expected Credit Loss (Stage I)	909,902	1,247,511
Significant Increase in Credit Risk (Stage II)	653,381	3,781,961
Non-performing Loans (Stage III)	8,472,983	5,807,774
Impairment Losses on Marketable Securities	74,601	16,416
Financial Assets at Fair Value Through Profit or Loss	18,954	14,145
Financial Assets at Fair Value Through Other Comprehensive Income	55,647	2,271
Impairment Losses on Associates, Subsidiaries and Joint-Ventures		
Associates		
Subsidiaries		
Jointly Controlled Entities		
Other (*)	5,693,577	3,596,505
Total	15,804,444	14,450,167

(1) The current period balance is the impairment loss expense of the assets held for sale and discontinued operations detailed in section five i.4.4, litigation provision expense of TL 825,000 and TL 4,400,000 Includes free provision expense detailed in section five i.4.5..

h. Other operating expenses:

	Current Period	Prior Period
Reserve for Employee Termination Benefits	418,637	171,229
Bank Pension Fund Deficit Provisions	2,284,686	1,858,944
Impairment Losses on Tangible Assets	3,937	5,795
Depreciation Expenses of Tangible Assets	911,637	686,512
Impairment Losses on Intangible Assets		
Impairment Losses on Goodwill		
Amortization Expenses of Intangible Assets	753,272	334,798
Impairment Losses on Equity Accounted Investments		
Impairment Losses on Assets to be Disposed	33,675	
Depreciation Expenses of Assets to be Disposed		
Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations		
Other Operating Expenses	11,266,794	4,279,084
Leasing Expenses Related to Exceptions to TFRS 16	154,605	116,435
Repair and Maintenance Expenses	398,243	237,531
Advertisement Expenses (*)	677,733	286,996
Other Expenses (*)	10,036,213	3,638,122
Loss on Sale of Assets	4,341	1,799
Other (**)	3,256,651	2,206,847
Total	18,933,630	9,545,008
Toplam	18.933.630	9.545.008

(*) The amount of expenditure made by the Bank within the scope of donation, aid and social responsibility projects in the current period is TL 119,660 (December 31, 2021:TL 78,991).

(**) In the current period, 1,513,216 TL (31.12.2021: 1,016,208 TL) part of the related item consists of savings deposit insurance fund expenses, 665,046 TL (31.12.2021: 466,924 TL) part consists of fees, taxes, pictures, and fund expenses.

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i. Information on provision for taxes from continuing and discontinued operations

The Bank's profit before tax arises from continuing activities. As of 31 December 2022, TL 75,203,453 of the profit before tax consists of net interest income, TL 16,146,898 of net fee and commission income, and the total of personnel expenses and other operating expenses is TL 34,029,278.

j. Information on provision for taxes from continuing and discontinued operations

As of December 31, 2022, the amount of the Bank's tax provision is TL 12,411,168 and the amount consists of current tax expense that is amounting to TL 17,204,130 and consists of deferred tax expense amounting TL (4,792,962).

k. Information on Net Operating Profit/Loss after Net Profit/Loss from Continuing and Discontinued Operations:

The Bank's net profit made from its continuing operations as of December 31, 2022, amounts to TL 61,537,880.

l. Information on net period profit/loss:

I.1. Income and expenses resulting from ordinary banking activities: There is no specific issue required to be disclosed for the Bank's performance for the year ended period between January 1, 2022 – December 31, 2022.

I.2. Effects of changes in accounting estimates on the current and future periods' profit/loss: There is no issue to be disclosed.

I.3. "The other" item which is located at the bottom of "Fees and Commissions Received" in the income statement consist of various fees and commissions received from transactions such as credit card transactions, capital market transactions.

m. Explanation on other items on the income statement:

Other items do not exceed 10% of the total amount of the income statement.

n. Fees for services received from an independent audit firm:

In accordance with the decision of public oversight, accounting and auditing standards authority dated 26.03.2021, the fees for the reporting period regarding the services received from the independent auditor or independent audit firm are given in the table below. In addition to the Bank, the fees for services rendered to the Bank's domestic/foreign subsidiaries and jointly controlled partnerships are included in the aforementioned fees, which are stated as VAT excluded.

	Current Period	Prior Period
Independent audit fee for the reporting period	30,347	22,258
Other Assurance Services and Other Non-Audit Fees	8,029	5,243
Total	38,376	27,501

V. DISCLOSURES AND FOOTNOTES ON STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

The paid-in capital is TL 10,000,000 in legal records. As of balance sheet date, the balance of legal reserves is TL 6,168,857 and the balance of extraordinary reserves is TL 52,282,743.

Detail of the securities increase fund is explained in Section Five Note II-m.9 and TL (8,345,080) of this amount is the deferred tax effect on financial assets at fair value through other comprehensive income (31 December 2021: TL (218,839)).

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VI. DISCLOSURES AND FOOTNOTES ON STATEMENT OF CASH FLOWS

The operating profit to TL 29,321,468 before the changes in operating assets and liabilities mostly comprised of TL 103,691,818 of interest received from loans and securities, and TL 43,427,261 of interest paid on deposits, loans, money market transactions and marketable securities borrowed by the Bank. The account "Other" classified under operating profit other than fees and commissions paid, cash payments to personnel and service suppliers and taxes paid consists of other operating expenses, exchange and derivative gains/losses accounts is TL (25,604,457) (December 31, 2021: TL 13,095,475)).

Net Increase (Decrease) in Other Liabilities account classified in changes of assets and liabilities resulting from the changes in Funds Provided Under Repurchase Agreements, miscellaneous payables, other liabilities and taxes, duties, charges, and premiums increase as TL 18,620,820 (December 31, 2021: TL 31,617,097 increase).

Net Cash Provided from Other Investing Activities account includes net cash flows from sale of intangible assets and declined by TL 2,515,348 (December 31, 2021: TL 748,958 decrease).

The effect of changes in foreign exchange rates on cash and cash equivalents is TL 967,080 as of December 31, 2022 (December 31, 2021: TL (1,171,636)). Due to the high rate of turnover of related foreign currency assets, the difference between the last 30 days' arithmetic average of currency exchange rates and the year-end currency exchange rate is used to calculate the effect of change in foreign exchange rate.

Cash, cash in foreign currency, unrestricted deposits in Central Bank of Turkey, money in transit, cheques purchased, precious metals, money market operations as well as demand and timed up to 3 months are defined as cash and cash equivalents.

Cash and cash equivalents at beginning of the period:

	December 31, 2021	December 31, 2020
Cash	96,225,661	32,467,082
Cash in TL and Foreign Currency	14,810,443	9,102,557
Central Bank of Turkey and Other	81,415,218	23,364,525
Cash Equivalents	18,668,788	12,894,826
Banks' Demand Deposits and Time Deposits Up to 3 Months	18,668,788	12,894,826
Money Market Receivables		
Total Cash and Cash Equivalents	114,894,449	45,361,908

The total amount resulting from the transactions made in the previous period shows the total cash and cash equivalents as of the beginning of the current period.

Cash and cash equivalents at end of the period:

	December 31, 2022	December 31, 2021
Cash	79,630,416	96,225,661
Cash in TL and Foreign Currency	15,588,450	14,810,443
Central Bank of Turkey and Other	64,041,966	81,415,218
Cash Equivalents	14,983,586	18,668,788
Banks' Demand Deposits and Time Deposits Up to 3 Months	14,983,586	18,668,788
Money Market Receivables		
Total Cash and Cash Equivalents	94,614,002	114,894,449

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Notes to the Unconsolidated Financial Statements for the Year Ended December 31, 2022

VII. DISCLOSURES AND FOOTNOTES ON THE BANK'S RISK GROUP

a. Information on the volume of transactions relating to the Bank's risk group, incomplete loan and deposit transactions and period's profit and loss:

a.1. Information on loans held by the Bank's risk Group

Current Period:

Bank's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	6,287,638	16,814,945			4,452,442	608,277
Balance at the end of the period	13,925,479	17,111,566			7,328,993	1,309,862
Interest and commission income received	1,249,418	11,388			569,202	13,400

Prior Period:

Bank's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	5,368,800	9,877,227			2,585,068	494,875
Balance at the end of the period	6,287,638	16,814,945			4,452,442	608,277
Interest and commission income received	612,064	6,879			232,067	8,628

a.2. Information on deposits held by the Bank's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders		Risk Grubuna Dahil Olan Diğer Gerçek ve Tüzel Kişiler	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	12.421.537	8.875.726	302.826	157.226	2.053.129	1.409.177
Balance at the end of the period	16.910.042	12.421.537	130.226	302.826	8.771.749	2.053.129
Interest expense on deposits	629.948	248.189	58.439	25.060	160.522	52.100

a.3. 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 Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders		Risk Grubuna Dahil Olan Diğer Gerçek ve Tüzel Kişiler	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit and Loss						
Beginning of the period	1,966,285	1,574,671			4,033	
End of the period	15,007,188	1,966,285			2,474,171	4,033
Total Profit/Loss	(21,221)	(62,997)			1,226	(2,179)
Transactions for hedging purposes						
Beginning of the period						
End of the period						
Total Profit/Loss						

Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements
for the Year Ended December 31, 2022

b. Disclosures for Bank's risk group:

b.1. The relation of the Bank with corporations in its risk group and under its control regardless of whether there are any transactions between the parties:

All types of corporate and retail banking services are provided to these corporations in line with the articles of Banking Law.

b.2. The type and amount of transaction carried out, and its ratio to the overall transaction volume, values of principal items and their ratios to overall items, pricing policy and other items in addition to the structure of the relationship:

The transactions carried out are mainly loan and deposit transactions. The ratio of loans extended to the risk group to the overall cash loans is 2.80%, while the ratio (excluding NPL) to the overall assets is 1.51%; the ratio of deposits of the risk group corporations to the overall deposits is 2.77%, while the ratio to overall liabilities is 1.83%, the comparable pricing method is used for the transactions.

b.3. Purchase and sale of real estates, other assets and services, agency agreements, finance lease contracts, transfer of information obtained through research and development, license agreements, funding (including loans and provision of support as cash capital or capital-in-kind), guarantees and collaterals, and management agreements:

Security purchases are made by İş Finansal Kiralama A.Ş., a subsidiary of the Bank, through leasing activities when required. The Parent Bank's branches act as agents of Anadolu Anonim Türk Sigorta Şirketi and Anadolu Hayat Emeklilik A.Ş. Furthermore, through its branches, the Bank mediates the order transmission for İş Yatırım Menkul Değerler A.Ş. and carries out agency activities of İş Portföy Yönetimi A.Ş.

If requested, cash and non-cash loan requirements of corporations within the risk group are met in accordance with the limits imposed by the Banking Law and the prevailing market conditions.

b.4. As of December 31, 2022, total worth of the shares, which the Bank purchased from its subsidiaries that are traded on Istanbul Stock Exchange and accounted under the Financial Assets at Fair Value Through Profit or Loss in accordance with the Board of Directors decision dated December 25, 2015, and relevant following decisions is TL 498,959 (December 31, 2021: TL 207,050).

c. Total salaries and similar benefits paid to the (executive members and senior executives)

In the current period, the net payment provided to the key management amounts is TL 86,081 (December 31, 2021: TL 46,975).

VIII. Disclosures On The Bank's Domestic, Foreign, Off-Shore Branches Or Associates And Foreign Representative Offices

	Number	Employees			
Domestic Branches (*)	1.110	22.971			
			Country of Incorporation		
Foreign Representative Offices	1	3	China		
	1	2	Egypt		
				Total Assets	Legal Capital
Foreign Branches	2	49	England	53,147,779	2,248
	14	207	T.R.N.C.	28,264,019	80,000
	2	40	Iraq	6,837,919	842,061
	2	31	Kosovo	3,157,421	199,247
	1	6	Bahrain	8,094,514	
Off-Shore Branches					

(*) The Branches located in Free Trade Zones in Turkey are included among domestic branches.

IX. Subsequent Events

Within the scope of the decision of the Board of Directors regarding the issue of debt instrument on October 7, 2022, the Bank issued a financial bond with a nominal value of TL 1,481,892 after December 31, 2022.

Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements
for the Year Ended December 31, 2022

SECTION SIX: OTHER EXPLANATIONS

I. Explanations On The Bank's Credit Ratings:

	Rating	Outlook (*)
MOODY'S		
Long-term Foreign Currency Deposit	B3	Stable
Long-term Local Currency Deposit	B3	Stable
Long-term Foreign Currency Senior Debt	B3	Stable
Short-term Foreign Currency Deposit	NP	-
Short-term Local Currency Deposit	NP	-
FITCH RATINGS		
Long-term Foreign Currency Issuer Default Rating	B-	Negative
Long-term Local Currency Issuer Default Rating	B	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
National Long-term Rating	A+ (tur)	Negative
Viability Rating	B	-

The dates when the Bank's credit ratings/outlooks were last updated are given below:

Moody's: 16.08.2022, Fitch Ratings: 26.07.2022

(*) Outlook:

"Stable" indicates that the current rating will not be changed in the short term; "positive" indicates that the current rating is very likely to be upgraded and "negative" indicates that the current rating is very likely to be downgraded.

SECTION SEVEN: EXPLANATIONS ON THE AUDITORS' INDEPENDENT AUDIT REPORT

I. Explanations On The Auditors' Independent Audit Report:

The unconsolidated financial statements and disclosures for the period ended December 31, 2022, have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst&Young Global Limited) and the independent auditors' report dated February 6, 2023, is presented preceding the unconsolidated financial statements.

II. Explanations And Footnotes Of The Independent Auditors Report

There are no significant issues or necessary disclosures or notes in relation to the Bank's operations other than those mentioned above.

Independent Auditor's Report

To the General Assembly of Türkiye İş Bankası Anonim Şirketi

Audit of Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Türkiye İş Bankası A.Ş. (the Bank) and its subsidiaries (collectively referred as "The Group"), which comprise the consolidated statement of balance sheet

as at December 31, 2022, and the consolidated statement of income, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements.

In our opinion, except for the effects of the matter on the consolidated financial statements described in the Basis of for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Türkiye İş Bankası A.Ş. as at December 31, 2022 and consolidated financial performance and consolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

Basis of Qualified Opinion

As explained in Section Five Part II-i.4.5. and IV.f, the accompanying consolidated financial statements as at December 31, 2022, include a free provision at an amount of TL 8,475,000 thousands of which TL 4,075,000 thousands was provided in prior years and TL 4,400,000 thousands provided in the current period by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 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 qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Türkiye İş Bankası Anonim Şirketi Consolidated Financial Statements As at and for the Year Ended December 31, 2022

With Independent Auditor's Report Thereon
(Convenience Translation of Consolidated Financial Statements
and Related Disclosures and Footnotes Originally Issued in Turkish)

This report includes "Independent Auditor's Report" comprising
6 pages and; "Consolidated Financial Statements and Related
Disclosures and Footnotes" comprising 142 pages.

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

Independent Auditor’s Report

Key Audit Matter	How the Key Audit Matter is addressed in our audit
Financial impact of TFRS 9 “Financial Instruments” standard and impairment on financial assets and related important disclosures	
As presented in Section III disclosure VIII, the Group recognizes expected credit losses of financial assets in accordance with TFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since: • Amount of on and off-balance sheet items that are subject to expected credit loss calculation is material to the financial statements. • There are complex and comprehensive requirements of TFRS 9. • The classification of the financial assets is based on the Group’s business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Bank uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments. • Policies implemented by the Bank management include compliance risk to the regulations and other practices. • Processes of TFRS 9 are advanced and complex. • Judgements and estimates used in expected credit loss, complex and comprehensive. • Disclosure requirements of TFRS 9 are comprehensive and complex.	Our audit procedures included among others include: • Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Group’s past experience, local and global practices. • Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists. • Evaluation of the reasonableness and appropriateness of key judgments and estimates determined by management and the methods, judgments, and data sources used in calculating expected loss, taking into account the standard requirements, industry and global practices. • Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Group’s Business model. • Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Group’s past performance, regulations, and other processes that has forward looking estimations. • Assessing the completeness and the accuracy of the data used for expected credit loss calculation. • Testing the mathematical accuracy of expected credit loss calculation on sample basis. • Evaluating the judgments and estimates used for the individually assessed financial assets. • Evaluating the necessity and accuracy of the updates made or required updates after the modeling process • Auditing of TFRS 9 disclosures

Independent Auditor’s Report

Pension Fund Obligations	
Employees of the Group are members of Emekli Sandığı Vakıfları”, (“the Fund”), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. As disclosed in the “Section Three Note XX.2” to the financial statements, Banks will transfer their pension fund to the Social Security Institution and the authority of the “Council of Ministers” on the determination of the mentioned transfer date is changed as “President” in the Decree Law No. 703 published in the Official Gazette numbered 30473 and dated July 9, 2018. According to the technical balance sheet report as of 31 December 2022 prepared considering the related articles of the Law regarding the transferrable benefit obligations for the non- transferrable social benefits and payments which are included in the articles of association, the Fund has an actuarial and technical deficit which is fully provisioned for. The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, demographic assumptions, inflation rate estimates and the impact of any changes in individual pension plans. The Group Management uses Fund actuaries to assist in assessing these assumptions. Considering the subjectivity of key assumptions and estimate used in the calculations of transferrable liabilities and the effects of the potential changes in the estimates used together with the uncertainty around the transfer date and given the fact that technical interest rate is prescribed under the law, we considered this to be a key audit matter.	It has been addressed whether there have been any significant changes in regulations governing pension liabilities, employee benefits plan during the period, that could lead to adjust the valuation of employee benefits. Support from actuarial auditor of our firm, has been taken to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary. We further focused on the accuracy and adequacy of the Bank’s provision provided for the deficit and also disclosures on key assumptions related to pension fund deficit.

Derivative Financial Instruments	
Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options, futures and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. The details of the related amounts are explained in “Section Five Note I.c”, and “Section Five Note II.b”. Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgments used.	Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the Group management fair value calculations of the selected derivative financial instruments which is carried out by valuation experts of our firm and the assessment of used estimations and the judgments and testing the assessment of operating effectiveness of the key controls in the process of fair value determination.

Independent Auditor's Report

Responsibilities of Management and Directors for the Consolidated Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 and its subsidiaries 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 and its subsidiaries subject to consolidation'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with government 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 consolidated 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

- In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 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 TCC and provisions of the Bank's articles of association in relation to financial reporting.
- 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 Fatma Ebru Yücel.

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



Fatma Ebru Yücel, SMMM
Sorumlu Denetçi

February 7, 2023
İstanbul, Türkiye

Türkiye İş Bankası A.Ş.

The Consolidated Financial Report as at and for the Year Ended December 31, 2022

Headquarters Address: İş Kuleleri, 34330, Levent/İstanbul
Telephone: 0212 316 00 00
Fax: 0212 316 09 00
Web Site: www.isbank.com.tr
E-mail: musteriliskileri@isbank.com.tr

The consolidated financial report as at and for the year ended prepared in accordance with the communiqué of "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, comprises the following sections:

GENERAL INFORMATION ABOUT THE PARENT BANK
CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
EXPLANATIONS ON THE ACCOUNTING POLICIES
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP
DISCLOSURES AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
OTHER EXPLANATIONS
INDEPENDENT AUDITOR'S REPORT

Associates, subsidiaries and structured entities whose financial statements have been consolidated in the consolidated financial report are as follows:

Subsidiaries	Associates
ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ	ARAP-TÜRK BANKASI A.Ş.
ANADOLU HAYAT EMEKLİLİK A.Ş.	
EFES VARLIK YÖNETİM A.Ş.	
İŞ FAKTORİNG A.Ş.	
İŞ FİNANSAL KİRALAMA A.Ş.	
İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.	
İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.	
İŞ PORTFÖY YÖNETİMİ A.Ş.	
İŞ YATIRIM MENKUL DEĞERLER A.Ş.	
İŞ YATIRIM ORTAKLIĞI A.Ş.	
İŞBANK AG	
JOINT STOCK COMPANY İŞBANK (JSC İŞBANK)	
JOINT STOCK COMPANY İSBANK GEORGIA (JSC İSBANK GEORGIA)	
MAXİS GİRİŞİM SERMAYESİ PORTFÖY YÖNETİMİ A.Ş.	
MAXİS INVESTMENTS LTD.	
MİLLİ REASÜRANS T.A.Ş.	
MOKA ÖDEME VE ELEKTRONİK PARA KURULUŞU A.Ş.	
TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.	
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.	
YATIRIM FİNANSMAN MENKUL DEĞERLER A.Ş.	
YATIRIM VARLIK KİRALAMA A.Ş.	
Structured Entities	
TİB DIVERSIFIED PAYMENT RIGHTS FINANCE COMPANY	

The consolidated yearended financial statements and related disclosures and footnotes in this report are prepared, in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks. Banking Regulation and Supervision Agency (BRSA) regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated the accompanying consolidated financial report is presented in thousands of Turkish Lira (TL) and has been subjected to independent audit and presented as the attached.

Ersin Önder Çiftçioglu
Member of the Board and
the Audit Committee

Yusuf Ziya Toprak
Deputy Chairperson of the Board of Directors
and Chairperson of the Audit Committee

Adnan Bali
Chairperson of the Board of Directors

Ali Tolga Ünal
Head of Financial Management Division

Gamze Yalçın
Deputy Chief Executive In Charge of
Financial Reporting

Hakan Aran
Chief Executive Officer

The authorized contact person for questions on this consolidated financial report:
Name – Surname / Title: Neşe Gülden Sözdinler / Head of Investor Relations and Sustainability Division
Phone No : +90 212 316 16 02
Fax No : +90 212 316 08 40
E-mail : Nese.Sozdinler@isbank.com.tr
investorrelations@isbank.com.tr

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Türkiye İş Bankası A.Ş.

Notes To The Consolidated Financial Statements for the the Year Ended December 31, 2022

I. Explanations on the Establishment Date and Initial Status of the Parent Bank, and History Including the Changes in the Former Status

TÜRKİYE İŞ BANKASI A.Ş. ("the Bank" or "the Parent Bank") was established on August 26, 1924 to operate in all kinds of banking activities and to initiate and/or participate in all kinds of financial and industrial sector undertakings when necessary. There is no change in the Bank's status since its establishment.

II. Explanations on the Capital Structure, Shareholders who Directly or Indirectly, Solely or Jointly Undertake the Management and Control of the Parent Bank, any Changes in the Period, and Information on the Parent Bank's Risk Group

As of December 31, 2022, 37.31% of the Bank's shares are owned by T. İş Bankası A.Ş. Supplementary Pension Fund (Fund), 28.09% are owned by the Republican People's Party- CHP (Atatürk's shares) and 34.60% are on free float (December 31, 2021: Fund 37.26%, CHP 28.09%, Free float 34.65%).

III. Explanations on the Chairperson's, Directors', Auditors', Chief Executive Officer's and Deputy Chief Executives' Shares, if any, and the Areas of their Responsibility at the Bank

Chairperson and Members of the Board of Directors:

Name and Surname	Areas of Responsibility
Adnan Bali	Chairperson of the Board of Directors, Remuneration Committee, Chairperson of the Risk Committee, Sustainability Committee and Chairperson of the Board of Directors Operating Principles Committee and the Member of the Credit Committee
Yusuf Ziya Toprak	Deputy Chairperson of the Board of Directors, Chairperson of the Audit Committee, TRNC Internal Systems Committee and Operational Risk Committee, Member of the Risk Committee and Substitute Member of the Credit Committee
Hakan Aran	Chief Executive Officer and Board Member, Chairperson of the Credit Committee, Human Resources Committee and Information Systems Strategy Committee, Natural Member of the Risk Committee, Chairperson of the Executive Committee
Feray Demir	Director, Member of the Credit Committee, Corporate Governance Committee, Remuneration Committee, Corporate Social Responsibility Committee, Sustainability Committee, and the Member of the Board of Directors Operating Principles Committee
Ersin Önder Çiftçioğlu	Director, Chairperson of the Sustainability Committee, Member of the Audit Committee and TRNC Internal Systems Committee, Member of the Risk Committee and Operational Risk Committee
Fazlı Bulut	Director, Member of Corporate Social Responsibility Committee and Substitute Member of the Credit Committee
Durmuş Öztek	Director, Member of Corporate Social Responsibility Committee, and the Member of the Board of Directors Operating Principles Committee
Recep Hakan Özyıldız	Director
Mustafa Rıdvan Selçuk	Director
Ahmet Gökhan Sungur	Director
Sadrettin Yurtsever	Director, Member of Corporate Governance Committee and Corporate Social Responsibility Committee

Türkiye İş Bankası A.Ş.

Notes To The Consolidated Financial Statements for the the Year Ended December 31, 2022

Chief Executive Officer and Deputy Chief Executives:

Name and Surname	Areas of Responsibility
Hakan Aran	Chief Executive Officer and Member of the Board of Directors, Credit Committee, Chairperson of Human Resources Committee and Information Technologies Strategic Committee Natural Member of Risk Committee, Member of Operational Risk Committee and Chairperson of the Executive Committee
Nevzat Burak Seyrek	Corporate and Commercial Banking Marketing, Commercial Banking Sales, Transboundary Banking, Free Zone Branches, Member of the Sustainability Committee
Ebru Özsuca	Treasury, Economic Research, Capital Markets, Member of the Risk Committee
Gamze Yalçın	Financial Management, Financial Institutions, Investor Relations and Sustainability, Managerial Reporting and Internal Accounting, Information Technologies Strategic Committee, Member of Risk Committee and Sustainability Committee
H. Cahit Çınar	Legal Consultancy, Associates, Member of the Operational Risk Committee, Construction and Real Estate Management, Member of the Sustainability Committee
Ozan Gürsoy	Human Resources Management, Strategic and Corporate Performance Management, Agile Management, Corporate Architecture, Member of Information Technologies Strategic Committee, Operational Risk Committee and Sustainability Committee
Sezgin Yılmaz	Member of Retail Banking Marketing, Sales and Products, Retail Loans, Sustainability Committee
Sabri Gökmenler	Information Technologies, Data Management, Acquisition, Artificial Intelligence, Member of Operational Risk Committee, Sustainability Committee, and Information Technologies Strategic Committee
Sezgin Lüle	Customer Relations Coordination Responsible, Digital Banking, Customer Relations, Card Payment Ecosystems, Card Payment Operations, Card Payment Products and Member of Operational Risk Committee
Can Yücel	Retail, Commercial and Corporate Loans Allocation, Loans Monitoring, Credits Portfolio Management, Project Finance, Member of the Corporate Social Responsibility Committee, Member of the Risk Committee and Sustainability Committee
Sezai Sevgin	Information Security, Internal Control, Corporate Compliance, Natural Member of the Risk Committee, Information Technologies Strategic Committee, Member of the Operational Risk Committee and Sustainability Committee
İzlem Erdem	SME and Enterprise Banking Product and Sales, Agricultural Banking Marketing, Commercial Banking Product, Member of Sustainability Committee
Suat E. Sözen	General Secretary, Corporate Communication, Digital Banking, Member of the Corporate Social Responsibility Committee, Member of the Sustainability Committee
O. Tufan Kurbanoğlu	Legal Affairs and Legal Proceedings, Loans Monitoring, Commercial and Corporate Loans and Retail Loans Proceedings
Mehmet Celayir	Member of Banking Base Operations, Agile Management, Support Services, External Operations and Commercial Loan Operations, Operational Risk Committee

At the meeting of the Board of Directors of the Bank dated 13.12.2022, it was decided to appoint Mr. Mehmet Celayir to the position of Deputy Chief Executive. Mr. Yalçın Sezen retired from his position at the Bank on 31.01.2023.

The Parent Bank's shares attributable to the Directors and members of the Audit Committee, to the CEO and the Deputy Chief Executives are of minor importance.

IV. Information on the Parent Bank's Qualified Shareholders

Name Surname/Company	Shares	Ownership	Paid-in Capital	Unpaid Capital
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı ("İşbank Members' Supplementary Pension Fund")	3,731,244	37.31%	3,731,244	
Cumhuriyet Halk Partisi – Republican People's Party (Atatürk's Shares)	2,809,205	28.09%	2,809,205	

V. Summary Information on the Parent Bank's Functions and Business Lines

In line with the relevant legislation and principles stated in the Articles of Incorporation of the Bank, the Bank's activities include operating in retail, commercial, corporate and private banking, foreign currency and money market operations, marketable securities operations, international banking services and other banking operations, as well as initiating or participating in all kinds of financial and industrial sector corporations as may be required.

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Explanation about the Institutions Subject to Full Consolidation Method or Proportional Consolidation and Institutions which are deducted from Equity or not included in these Three Methods

Banks are obligated to prepare consolidated financial statements for credit institutions and financial subsidiaries for creating legal restrictions on a consolidated basis based on the "Communiqué on Preparation of Consolidated Financial Statements of Banks" by applying Turkish Accounting Standards. There is not any difference between the related Communiqué and the consolidation operations that is based on Turkish Accounting Standards and Turkish Financial Reporting Standards.

The consolidated financial statements in this report includes the subsidiaries of the Bank, which are credit or financial institutions, in accordance with the BRSA regulations. As of current period, there is no credit or financial institution subsidiaries which are excluded in the scope of the consolidation.

Türkiye İş Bankası A.Ş.

Notes To The Consolidated Financial Statements for the the Year Ended December 31, 2022

The Parent Bank and its subsidiaries;

- ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ
- ANADOLU HAYAT EMEKLİLİK A.Ş.
- EFES VARLIK YÖNETİM A.Ş.
- İŞ FAKTORİNG A.Ş.
- İŞ FİNANSAL KİRALAMA A.Ş.
- İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
- İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
- İŞ PORTFÖY YÖNETİMİ A.Ş.
- İŞ YATIRIM MENKUL DEĞERLER A.Ş.
- İŞ YATIRIM ORTAKLIĞI A.Ş.
- İŞBANK AG
- JSC İŞBANK
- JSC İŞBANK GEORGIA
- MAXİS GİRİŞİM SERMAYESİ PORTFÖY YÖNETİMİ A.Ş.
- MAXİS INVESTMENTS LTD.
- MİLLİ REASÜRANS T.A.Ş.
- MOKA ÖDEME VE ELEKTRONİK PARA KURULUŞU A.Ş.
- TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
- TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
- YATIRIM FİNANSMAN MENKUL DEĞERLER A.Ş.
- YATIRIM VARLIK KİRALAMA A.Ş.
-

and Structured Entity;

- TIB DIVERSIFIED PAYMENT RIGHTS FINANCE COMPANY is included in the consolidated financial statements with "full consolidation method".

The Parent Bank's associate acting as a credit institution;

- ARAP-TÜRK BANKASI A.Ş.

is accounted under equity accounting method in the consolidated financial statements.

Consolidated companies are active in the areas of banking, insurance and reinsurance, private pensions, finance leasing, factoring, real estate investment, venture capital investment, brokerage, investment consulting, portfolio and asset management. Those companies are explained below.

Anadolu Anonim Türk Sigorta Şirketi

The Company was established in 1925 and operates in almost all non-life insurance service. The Company's shares are traded in the Borsa İstanbul A.Ş.

Anadolu Hayat Emeklilik A.Ş.

The Company was founded in 1990 and its' headquarter is located in İstanbul. The company's main activities are private or group pension and life/death insurance and all kinds of insurance services related to these branches. There are 34 private pension funds offered by the company to the subscribers. The company's shares are traded in the Borsa İstanbul A.Ş.

Efes Varlık Yönetim A.Ş.

The field of activity of the company, which was founded in February 2011, is to purchase and sell the receivables with other assets of deposit banks, participation banks and other financial institutions.

İş Faktoring A.Ş.

The Company, which operates in the factoring sector since 1993, is engaged in domestic and foreign factoring operations.

İş Finansal Kiralama A.Ş.

The Company, whose field of activity is financial leasing within the country and abroad started its business in 1988. The Company's shares are traded in the Borsa İstanbul A.Ş.

İş Gayrimenkul Yatırım Ortaklığı A.Ş.

The Company, whose main field of activity is investing in real estate, capital market instruments backed by real estate, real estate projects and capital market instruments, is conducting its business in the sector as a real estate investment trust since 1999. The Company's shares are traded in the Borsa İstanbul A.Ş. since its establishment.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.

The Company, which started its venture capital business in the year 2000, aims to make long term investments in venture capital firms which established or to be founded in Turkey, have potential development and need resources. The Company's shares are traded in the Borsa İstanbul A.Ş. since the year 2004.

Türkiye İş Bankası A.Ş.

Notes To The Consolidated Financial Statements for the the Year Ended December 31, 2022

İş Portföy Yönetimi A.Ş.

The purpose of the Company, which was founded in 2000, is to engage in capital market operations stated in its articles of association. Among the capital market operations, the company offers portfolio management and investment consulting services only to corporate investors.

İş Yatırım Menkul Değerler A.Ş.

The Company's main field of activity is composed of intermediary, corporate finance, investment consulting and private portfolio management services. The Company's shares are traded in the Borsa İstanbul A.Ş. since May 2007.

İş Yatırım Ortaklığı A.Ş.

The aim of the Company, which was founded in İstanbul in the year 1995, is to operate in capital market activities which is stated in the principal agreement, and Company's main field of activities is portfolio management. The Company's shares are traded in the Borsa İstanbul A.Ş. since April 1996.

İşbank AG

İşbank AG was founded to carry out the banking transactions in Europe. İşbank AG has 9 branches in total, 8 branches in Germany and 1 branch in Netherlands.

JSC İşbank

The Bank, which was acquired in 2011 and based in Moscow, is operating banking services as, corporate banking, individual deposits, treasury transactions and foreign trade financing operations with its Moscow Branch and representative offices in St. Petersburg and Kazan.

JSC İşbank Georgia

The Bank, which was established in Georgia in the third quarter of 2015, is operating banking services mainly deposit, loan and exchange transactions. As part of the organizational structure of Parent Bank in abroad, Batumi and Tbilisi branches which were established in 2012 and 2014 respectively proceed its operations as JSC Isbank Georgia.

Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.

The purpose of the Company, which was founded in November 2017, is to establish and manage capital investment funds in accordance with the Capital Markets Law and related legislations.

Maxis Investments Ltd.

The purpose of the Company, which was founded in England in the year 2005, is to operate in activities in foreign capital markets.

Milli Reasürans T.A.Ş.

The Company, which was founded in 1929, aims to provide reinsurance and retrocession services in foreign and domestic branches. It has 1 branch in Singapore.

Moka Ödeme ve Elektronik Para Kuruluşu A.Ş.

The company was acquired in 2021. The company established of 2014 and it operates in the field of payment services.

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.

The core business activity of the Company, which was founded in 2006, is to create and develop an investment property portfolio and to invest in capital market instruments that are based on investment properties. The Company's shares are traded in the Borsa İstanbul A.Ş. since April 2010.

Türkiye Sınai Kalkınma Bankası A.Ş.

Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB) which is an industrial development, and an investment bank is founded specially to support private sector investments in industry and to provide domestic and foreign capital to Turkish companies. The Bank's shares are traded in the Borsa İstanbul A.Ş.

Yatırım Finansman Menkul Değerler A.Ş.

The Company was founded in 1976. The purpose of the Company is to engage in capital market operations stated in its articles of association.

Yatırım Varlık Kiralama A.Ş.

The purpose of the Company, which is founded in September 20, 2019, is to issue lease certificates exclusively within the framework of the Capital Market Law and related legislation

VII. Existing or Potential, Actual or Legal Obstacles on the Transfer of Shareholders' Equity between the Parent Bank and its Subsidiaries or the Reimbursement of Liabilities

None.

VIII. Written Policies on Assessment of Ensuring Compliance on Market Discipline, Disclosure Obligations, Frequency and Accuracy of the Related Disclosures

The Parent Bank has written policies on assessment of ensuring compliance on market discipline, disclosure obligations, frequency and accuracy of related disclosures. The mentioned policies which are agreed by Board of Directors can be obtained from the Parent Bank's website.

Türkiye İş Bankası A.Ş.

Consolidated Balance Sheet (Statement Of Financial Position)

SECTION TWO: CONSOLIDATED FINANCIAL STATEMENTS								
ASSETS		Foot notes	THOUSAND TL					
			CURRENT PERIOD (31/12/2022)			PRIOR PERIOD (31/12/2021)		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (NET)		191.469.562	310.657.416	502.126.978	92.697.746	278.601.171	371.298.917
1.1	Cash and Cash Equivalents		35.067.358	211.798.542	246.865.900	23.200.606	198.923.187	222.123.793
1.1.1	Cash and Balances with Central Bank	V-I-a	21.718.599	180.127.300	201.845.899	17.295.382	166.725.843	184.021.225
1.1.2	Banks	V-I-ç	7.187.687	31.807.128	38.994.815	2.974.478	32.220.764	35.195.242
1.1.3	Money Market Placements		6.195.342	0	6.195.342	2.948.099	44.965	2.993.064
1.1.4	Expected Credit Loss (-)		34.270	135.886	170.156	17.353	68.385	85.738
1.2	Financial Assets at Fair Value Through Profit or Loss	V-I-b	23.469.599	10.105.253	33.574.852	5.768.364	8.712.674	14.481.038
1.2.1	Government Debt Securities		711.666	9.566.112	10.277.778	519.471	6.017.710	6.537.181
1.2.2	Equity Securities		11.873.519	334.381	12.207.900	2.365.686	460.774	2.826.460
1.2.3	Other Financial Assets		10.884.414	204.760	11.089.174	2.883.207	2.234.190	5.117.397
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	V-I-d	132.318.883	69.806.694	202.125.577	62.974.176	46.969.483	109.943.659
1.3.1	Government Debt Securities		129.555.447	64.099.567	193.655.014	61.246.085	39.819.974	101.066.059
1.3.2	Equity Securities		258.517	1.342.084	1.600.601	264.898	668.883	933.781
1.3.3	Other Financial Assets		2.504.919	4.365.043	6.869.962	1.463.193	6.480.626	7.943.819
1.4	Derivative Financial Assets	V-I-c-i	613.722	18.946.927	19.560.649	754.600	23.995.827	24.750.427
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		613.722	18.946.927	19.560.649	754.600	23.995.827	24.750.427
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		0	0	0	0	0	0
II.	Financial Assets Measured at Amortised Cost (Net)		586.224.751	393.104.327	979.329.078	326.322.483	307.111.279	633.433.762
2.1	Loans	V-I-e	502.248.199	375.845.283	878.093.482	292.585.111	302.937.054	595.522.165
2.2	Lease Receivables	V-I-e-i	4.961.490	13.400.104	18.361.594	3.642.540	8.682.657	12.325.197
2.3	Factoring Receivables	V-I-e	13.696.739	2.211.918	15.908.657	5.097.842	1.797.516	6.895.358
2.4	Other Financial Assets Measured at Amortised Cost (Net)	V-I-f	91.311.985	15.644.176	106.956.161	45.055.046	6.490.282	51.545.328
2.4.1	Government Debt Securities		90.427.061	9.829.112	100.256.173	44.872.603	3.103.354	47.975.957
2.4.2	Other Financial Assets		884.924	5.815.064	6.699.988	182.443	3.386.928	3.569.371
2.5	Expected Credit Loss (-)		25.993.662	13.997.154	39.990.816	20.058.056	12.796.230	32.854.286
III.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	V-I-n	1.598.635	20.359	1.618.994	888.883	21.988	910.871
3.1	Held for Sale		1.598.635	20.359	1.618.994	888.883	21.988	910.871
3.2	Discontinued Operations		0	0	0	0	0	0
IV.	EQUITY INVESTMENTS		42.680.123	190.321	42.870.444	21.918.409	0	21.918.409
4.1	Investments in Associates (Net)	V-I-g	405.345	0	405.345	316.851	0	316.851
4.1.1	Associates Accounted by using Equity Method		385.225	0	385.225	280.196	0	280.196
4.1.2	Unconsolidated Associates		20.120	0	20.120	36.655	0	36.655
4.2	Subsidiaries (Net)	V-I-ğ	42.258.868	190.321	42.449.189	21.593.954	0	21.593.954
4.2.1	Unconsolidated Financial Subsidiaries		0	0	0	0	0	0
4.2.2	Unconsolidated Non-Financial Subsidiaries		42.258.868	190.321	42.449.189	21.593.954	0	21.593.954
4.3	Joint Ventures (Net)	V-I-h	15.910	0	15.910	7.604	0	7.604
4.3.1	Joint Ventures Accounted by using Equity Method		0	0	0	0	0	0
4.3.2	Unconsolidated Joint Ventures		15.910	0	15.910	7.604	0	7.604
V.	TANGIBLE ASSETS (Net)	V-I-j	24.107.773	370.345	24.478.118	11.131.311	275.713	11.407.024
VI.	INTANGIBLE ASSETS (Net)	V-I-k	3.880.370	199.443	4.079.813	2.014.282	167.743	2.182.025
6.1	Goodwill		27.994	0	27.994	27.994	0	27.994
6.2	Other		3.852.376	199.443	4.051.819	1.986.288	167.743	2.154.031
VII.	INVESTMENT PROPERTY (Net)	V-I-l	11.320.190	0	11.320.190	4.601.916	0	4.601.916
VIII.	CURRENT TAX ASSET		16.486	9.868	26.354	60.343	14.476	74.819
IX.	DEFERRED TAX ASSET	V-I-m	963.685	10.425	974.110	580.561	2.538.415	3.118.976
X.	OTHER ASSETS	V-I-o	132.660.097	15.947.393	148.607.490	62.506.945	12.950.409	75.457.354
	TOTAL ASSETS		994.921.672	720.509.897	1.715.431.569	522.722.879	601.681.194	1.124.404.073

Türkiye İş Bankası A.Ş.

Consolidated Balance Sheet (Statement Of Financial Position)

LIABILITIES		Foot notes	THOUSAND TL					
			CURRENT PERIOD (31/12/2022)			PRIOR PERIOD (31/12/2021)		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-a	381.017.089	571.618.843	952.635.932	165.520.943	452.158.260	617.679.203
II.	FUNDS BORROWED	V-II-c	12.101.494	143.880.105	155.981.599	6.019.498	122.904.185	128.923.683
III.	MONEY MARKETS		37.777.875	13.462.281	51.240.156	42.829.398	10.908.455	53.737.853
IV.	SECURITIES ISSUED (Net)	V-II-ç	11.523.746	46.820.814	58.344.560	8.784.977	39.292.335	48.077.312
4.1	Bills		10.463.791	0	10.463.791	5.999.193	0	5.999.193
4.2	Asset Backed Securities		164.426	0	164.426	757.078	0	757.078
4.3	Bonds		895.529	46.820.814	47.716.343	2.028.706	39.292.335	41.321.041
V.	FUNDS		27.907	709.826	737.733	11.191	680.513	691.704
5.1	Borrower Funds		27.907	709.826	737.733	11.191	680.513	691.704
5.2	Other		0	0	0	0	0	0
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		0	0	0	0	0	0
VII.	DERIVATIVE FINANCIAL LIABILITIES	V-II-b-g	3.060.665	7.030.436	10.091.101	7.097.196	6.981.331	14.078.527
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		3.060.665	7.030.436	10.091.101	7.097.196	6.981.331	14.078.527
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		0	0	0	0	0	0
VIII.	FACTORING PAYABLES		0	0	0	0	0	0
IX.	LEASE PAYABLES (Net)	V-II-f	1.326.947	316.106	1.643.053	983.934	255.780	1.239.714
X.	PROVISIONS	V-II-ğ	54.155.322	13.137.153	67.292.475	27.864.420	7.744.897	35.609.317
10.1	Restructuring Provisions		0	0	0	0	0	0
10.2	Reserve for Employee Benefits		5.886.941	6.798	5.893.739	2.572.040	4.391	2.576.431
10.3	Insurance Technical Provisions (Net)		23.985.529	11.602.637	35.588.166	12.951.315	6.572.513	19.523.828
10.4	Other Provisions		24.282.852	1.527.718	25.810.570	12.341.065	1.167.993	13.509.058
XI.	CURRENT TAX LIABILITY	V-II-h	8.077.499	48.488	8.125.987	2.537.054	24.082	2.561.136
XII.	DEFERRED TAX LIABILITY	V-II-h	1.599.383	0	1.599.383	120.438	4.511	124.949
XIII.	LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	V-II-i	0	0	0	0	0	0
13.1	Held for Sale		0	0	0	0	0	0
13.2	Discontinued Operations		0	0	0	0	0	0
XIV.	SUBORDINATED DEBT	V-II-i	2.277.824	31.280.921	33.558.745	2.296.445	39.182.832	41.479.277
14.1	Loans		0	0	0	0	0	0
14.2	Other Debt Instruments		2.277.824	31.280.921	33.558.745	2.296.445	39.182.832	41.479.277
XV.	OTHER LIABILITIES	V-II-e	143.167.968	20.960.184	164.128.152	74.142.355	9.890.864	84.033.219
XVI.	SHAREHOLDERS' EQUITY	V-II-j	213.719.591	-3.666.898	210.052.693	98.923.927	-2.755.748	96.168.179
16.1	Paid-in capital		10.000.000	0	10.000.000	4.500.000	0	4.500.000
16.2	Capital Reserves		1.218.092	0	1.218.092	1.203.468	0	1.203.468
16.2.1	Share Premium		138.551	0	138.551	143.633	0	143.633
16.2.2	Share Cancellation Profits		0	0	0	0	0	0
16.2.3	Other Capital Reserves		1.079.541	0	1.079.541	1.059.835	0	1.059.835
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		20.231.121	-429	20.230.692	8.054.093	100	8.054.193
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		44.402.975	-4.867.474	39.535.501	11.320.953	-3.031.910	8.289.043
16.5	Profit Reserves		58.255.995	539.625	58.795.620	51.379.015	4.619	51.383.634
16.5.1	Legal Reserves		7.063.017	28.268	7.091.285	5.832.370	1.930	5.834.300
16.5.2	Status Reserves		289.294	0	289.294	225.558	0	225.558
16.5.3	Extraordinary Reserves		50.903.684	511.357	51.415.041	45.321.087	2.689	45.323.776
16.5.4	Other Profit Reserves		0	0	0	0	0	0
16.6	Profit or Loss		60.681.842	789.181	61.471.023	13.085.039	417.874	13.502.913
16.6.1	Prior Periods' Profit or Loss		-10.877	-116.770	-127.647	-263.478	225.331	-38.147
16.6.2	Current Period Profit or Loss		60.692.719	905.951	61.598.670	13.348.517	192.543	13.541.060
16.7	Minority Shares	V-II-k	18.929.566	-127.801	18.801.765	9.381.359	-146.431	9.234.928
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		869.833.310	845.598.259	1.715.431.569	437.131.776	687.272.297	1.124.404.073

Türkiye İş Bankası A.Ş.

Consolidated Statement of Off-Balance Sheet Items

		Foot notes	THOUSAND TL					
			CURRENT PERIOD (31/12/2022)			PRIOR PERIOD (31/12/2021)		
			TL	FC	Total	TL	FC	Total
	A. OFF-BALANCE SHEET CONTINGENCIES and COMMITMENTS (I-II+III)		486.977.283	950.378.400	1.437.355.683	302.695.310	836.880.350	1.139.575.660
I.	GUARANTEES AND SURETYSHIPS	V-III	91.557.242	158.958.679	250.515.921	46.412.927	153.202.866	199.615.793
1.1	Letters of Guarantee		85.483.077	95.269.548	180.752.625	46.048.608	86.618.355	132.666.963
1.1.1	Guarantees Subject to State Tender Law		1.344.063	1.143.615	2.487.678	865.540	764.138	1.629.678
1.1.2	Guarantees Given for Foreign Trade Operations		11.143.447	40.340.109	51.483.556	4.204.824	46.612.126	50.816.950
1.1.3	Other Letters of Guarantee		72.995.567	53.785.824	126.781.391	40.978.244	39.242.091	80.220.335
1.2	Bank Acceptances		5.576.890	2.476.617	8.053.507	111.350	13.694.523	13.805.873
1.2.1	Import Letter of Acceptance		0	704.717	704.717	0	582.983	582.983
1.2.2	Other Bank Acceptances		5.576.890	1.771.900	7.348.790	111.350	13.111.540	13.222.890
1.3	Letters of Credit		492.132	56.376.383	56.868.515	244.637	48.629.112	48.873.749
1.3.1	Documentary Letters of Credit		455.314	36.316.518	36.771.832	191.272	34.944.022	35.135.294
1.3.2	Other Letters of Credit		36.818	20.059.865	20.096.683	53.365	13.685.090	13.738.455
1.4	Prefinancing Given as Guarantee		0	0	0	0	0	0
1.5	Endorsements		0	0	0	0	0	0
1.5.1	Endorsements to the Central Bank of Turkey		0	0	0	0	0	0
1.5.2	Other Endorsements		0	0	0	0	0	0
1.6	Purchase Guarantees for Securities Issued		0	0	0	0	0	0
1.7	Factoring Guarantees		0	0	0	0	0	0
1.8	Other Guarantees		5.143	4.836.131	4.841.274	8.332	4.260.876	4.269.208
1.9	Other Suretyships		0	0	0	0	0	0
II.	COMMITMENTS		197.736.666	40.558.403	238.295.069	101.316.731	55.685.820	157.002.551
2.1	Irrevocable Commitments		194.762.484	22.659.219	217.421.703	99.221.331	36.748.294	135.969.625
2.1.1	Forward Asset Purchase Commitments		55.113	4.658.659	4.713.772	9.373.110	18.354.232	27.727.342
2.1.2	Forward Deposit Purchase and Sales Commitments		0	0	0	0	0	0
2.1.3	Capital Commitments to Associates and Subsidiaries		1.000.000	138.750	1.138.750	0	157.380	157.380
2.1.4	Loan Granting Commitments		65.197.193	2.105.370	67.302.563	34.174.955	1.702.867	35.877.822
2.1.5	Securities Underwriting Commitments		0	0	0	0	0	0
2.1.6	Commitments for Reserve Deposit Requirements		0	0	0	0	0	0
2.1.7	Commitments for Cheque Payments		5.447.537	0	5.447.537	3.291.900	0	3.291.900
2.1.8	Tax and Fund Liabilities from Export Commitments		22.490	0	22.490	41.377	0	41.377
2.1.9	Commitments for Credit Card Expenditure Limits		112.111.363	0	112.111.363	46.524.830	0	46.524.830
2.1.10	Commitments for Credit Cards and Banking Services Promotions		277.375	0	277.375	208.406	0	208.406
2.1.11	Receivables from Short Sale Commitments		0	0	0	0	0	0
2.1.12	Payables for Short Sale Commitments		0	0	0	0	0	0
2.1.13	Other Irrevocable Commitments		10.651.413	15.756.440	26.407.853	5.606.753	16.533.815	22.140.568
2.2	Revocable Commitments		2.974.182	17.899.184	20.873.366	2.095.400	18.937.526	21.032.926
2.2.1	Revocable Loan Granting Commitments		2.939.182	17.899.184	20.838.366	2.045.400	18.937.526	20.982.926
2.2.2	Other Revocable Commitments		35.000	0	35.000	50.000	0	50.000
III.	DERIVATIVE FINANCIAL INSTRUMENTS		197.683.375	750.861.318	948.544.693	154.965.652	627.991.664	782.957.316
3.1	Derivative Financial Instruments Held for Risk Management		0	26.497.037	26.497.037	0	27.012.103	27.012.103
3.1.1	Fair Value Hedges		0	26.497.037	26.497.037	0	27.012.103	27.012.103
3.1.2	Cash Flow Hedges		0	0	0	0	0	0
3.1.3	Net Foreign Investment Hedges		0	0	0	0	0	0

Türkiye İş Bankası A.Ş.

Consolidated Statement of Off-Balance Sheet Items

		Foot notes	THOUSAND TL					
			CURRENT PERIOD (31/12/2022)			PRIOR PERIOD (31/12/2021)		
			TL	FC	Total	TL	FC	Total
3.2	Derivative Financial Instruments Held for Trading		197.683.375	724.364.281	922.047.656	154.965.652	600.979.561	755.945.213
3.2.1	Forward Foreign Currency Buy/Sell Transactions		10.640.362	58.699.042	69.339.404	15.504.070	58.953.279	74.457.349
3.2.1.1	Forward Foreign Currency Buy Transactions		9.117.920	25.804.206	34.922.126	11.384.803	25.669.590	37.054.393
3.2.1.2	Forward Foreign Currency Sell Transactions		1.522.442	32.894.836	34.417.278	4.119.267	33.283.689	37.402.956
3.2.2	Currency and Interest Rate Swaps		172.439.374	579.101.581	751.540.955	127.095.137	489.865.606	616.960.743
3.2.2.1	Currency Swap Buy Transactions		14.912.056	201.323.125	216.235.181	9.433.744	177.256.130	186.689.874
3.2.2.2	Currency Swap Sell Transactions		155.910.430	85.151.884	241.062.314	116.999.171	81.523.710	198.522.881
3.2.2.3	Interest Rate Swap Buy Transactions		808.444	146.313.286	147121.730	331.111	115.542.883	115.873.994
3.2.2.4	Interest Rate Swap Sell Transactions		808.444	146.313.286	147121.730	331.111	115.542.883	115.873.994
3.2.3	Currency, Interest Rate and Security Options		6.223.543	23.979.673	30.203.216	8.943.556	21.274.918	30.218.474
3.2.3.1	Currency Call Options		3.160.239	8.188.384	11.348.623	4.557.856	6.309.858	10.867.714
3.2.3.2	Currency Put Options		2.560.163	8.138.756	10.698.919	4.026.900	6.553.948	10.580.848
3.2.3.3	Interest Rate Call Options		0	3.822.162	3.822.162	0	4.205.556	4.205.556
3.2.3.4	Interest Rate Put Options		0	3.822.162	3.822.162	0	4.205.556	4.205.556
3.2.3.5	Securities Call Options		102.031	8.209	110.240	36.407	0	36.407
3.2.3.6	Securities Put Options		401.110	0	401.110	322.393	0	322.393
3.2.4	Currency Futures		1.468.797	2.388.511	3.857.308	760.477	1.540.698	2.301.175
3.2.4.1	Currency Buy Futures		531.608	1.878.869	2.410.477	40.052	1.481.995	1.522.047
3.2.4.2	Currency Sell Futures		937.189	509.642	1.446.831	720.425	58.703	779.128
3.2.5	Interest Rate Futures		0	0	0	0	0	0
3.2.5.1	Interest Rate Buy Futures		0	0	0	0	0	0
3.2.5.2	Interest Rate Sell Futures		0	0	0	0	0	0
3.2.6	Other		6.911.299	60.195.474	67106.773	2.662.412	29.345.060	32.007.472
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)			1.116.249.656	1.495.889.698	2.612.139.354	796.887.897	993.775.709	1.790.663.606
IV.	ITEMS HELD IN CUSTODY		126.082.554	177.367.218	303.449.772	101.820.670	125.221.499	227.042.169
4.1	Customers' Securities Held		0	0	0	0	0	0
4.2	Investment Securities Held in Custody		73.694.920	9.302.513	82.997.433	73.423.758	8.234.913	81.658.671
4.3	Cheques Received for Collection		46.921.949	93.195.648	140.117.597	24.886.014	68.776.278	93.662.292
4.4	Commercial Notes Received for Collection		3.969.225	36.196.124	40.165.349	2.994.936	26.962.386	29.957.322
4.5	Other Assets Received for Collection		0	0	0	0	0	0
4.6	Assets Received for Public Offering		0	0	0	0	0	0
4.7	Other Items Under Custody		1.496.460	38.672.933	40.169.393	515.962	21.247.922	21.763.884
4.8	Custodians		0	0	0	0	0	0
V.	PLEDGED ITEMS		1.195.674.627	2.329.723.738	3.525.398.365	818.808.243	1.504.428.098	2.323.236.341
5.1	Marketable Securities		70.796.111	214.601.746	285.397.857	55.405.889	148.526.695	203.932.584
5.2	Guarantee Notes		22.783.627	73.150.399	95.934.026	15.393.327	58.309.803	73.703.130
5.3	Commodity		261.292.144	230.129.478	491.421.622	167.725.673	118.466.297	286.191.970
5.4	Warranty		0	0	0	0	0	0
5.5	Real Estates		612.933.020	1.140.910.774	1.753.843.794	407.968.742	739.657.751	1.147.626.493
5.6	Other Pledged Items		227.869.725	670.931.341	898.801.066	172.314.612	439.467.552	611.782.164
5.7	Pledged Items-Depository		0	0	0	0	0	0
VI.	ACCEPTED BILL, GUARANTEES AND SURETIES		0	0	0	0	0	0
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			1.808.734.464	3.457.469.356	5.266.203.820	1.223.324.223	2.466.529.947	3.689.854.170

Türkiye İş Bankası A.Ş.

Consolidated Statement of Profit or Loss

STATEMENT OF PROFIT OR LOSS		Foot notes	THOUSAND TL	
			CURRENT PERIOD (01/01-31/12/2022)	PRIOR PERIOD (01/01-31/12/2021)
I.	INTEREST INCOME	V-IV-a	140.591.973	69.449.187
1.1	Interest Income on Loans		88.814.283	48.414.707
1.2	Interest Income on Reserve Deposits		284.989	850.107
1.3	Interest Income on Banks		1.192.676	686.021
1.4	Interest Income on Money Market Placements		1.235.823	401.957
1.5	Interest Income on Marketable Securities Portfolio		45.597.027	17.499.167
1.5.1	Financial Assets At Fair Value Through Profit or Loss		295.244	168.216
1.5.2	Financial Assets At Fair Value Through Other Comprehensive Income		26.924.548	10.801.345
1.5.3	Financial Assets At Measured at Amortised Cost		18.377.235	6.529.606
1.6	Financial Lease Income		1.656.789	887.340
1.7	Other Interest Income		1.810.386	709.888
II.	INTEREST EXPENSE (-)	V-IV-b	54.160.597	32.530.364
2.1	Interest on Deposits		32.510.139	18.048.238
2.2	Interest on Funds Borrowed		5.536.809	2.612.115
2.3	Interest on Money Market Funds		4.642.178	5.396.609
2.4	Interest on Securities Issued		8.236.025	6.048.417
2.5	Financial Lease Expense		247.662	163.612
2.6	Other Interest Expenses		2.987.784	261.373
III.	NET INTEREST INCOME (I - II)		86.431.376	36.918.823
IV.	NET FEES AND COMMISSIONS INCOME		14.671.415	6.691.855
4.1	Fees and Commissions Received		22.118.215	10.490.764
4.1.1	Non-cash Loans		2.329.047	1.327.072
4.1.2	Other		19.789.168	9.163.692
4.2	Fees and Commissions Paid		7.446.800	3.798.909
4.2.1	Non-cash Loans		40.129	12.754
4.2.2	Other		7.406.671	3.786.155
V.	DIVIDEND INCOME	V-IV-c	263.526	68.548
VI.	TRADING INCOME /(LOSS) (Net)	V-IV-ç	19.477.788	703.452
6.1	Gains/(Losses) on Securities Trading		10.507.138	1.882.678
6.2	Derivative Financial Transactions Gains/Losses		-10.163.186	-179.759
6.3	Foreign Exchange Gains / (Losses)		19.133.836	-999.467
VII.	OTHER OPERATING INCOME	V-IV-d	32.573.886	16.883.690
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		153.417.991	61.266.368
IX.	EXPECTED CREDIT LOSS (-)	V-IV-e	13.055.945	12.667.759
X.	OTHER PROVISION EXPENSES (-)	V-IV-e	6.175.130	4.142.731
XI.	PERSONNEL EXPENSE (-)		17.710.092	7.715.533
XII.	OTHER OPERATING EXPENSES (-)	V-IV-f	42.171.552	22.665.876
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		74.305.272	14.074.469
XIV.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		0	0
XV.	PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		10.205.448	4.874.850
XVI.	NET MONETARY POSITION GAIN/LOSS		0	0
XVII.	PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XIII+...+XVI)	V-IV-g	84.510.720	18.949.319
XVIII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	V-IV-ğ	15.453.038	3.389.061
18.1	Current Tax Provision		20.565.318	2.621.921
18.2	Deferred Tax Income Effect (+)		2.936.091	3.774.382
18.3	Deferred Tax Expense Effect (-)		8.048.371	3.007.242
XIX.	NET PERIOD PROFIT/LOSS FROM CONTUNUING OPERATIONS (XVI±XVII)	V-IV-h	69.057.682	15.560.258
XX.	INCOME ON DISCONTINUED OPERATIONS		0	0
20.1	Income on Assets Held for Sale		0	0
20.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
20.3	Other Income on Discontinued Operations		0	0
XXI.	EXPENSE ON DISCONTINUED OPERATIONS (-)		0	0
21.1	Expense on Assets Held for Sale		0	0
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
21.3	Other Expense on Discontinued Operations		0	0
XXII.	PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XX-XXI)	V-IV-g	0	0
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	V-IV-ğ	0	0
23.1	Current Tax Provision		0	0
23.2	Deferred Tax Expense Effect (+)		0	0
23.3	Deferred Tax Income Effect (-)		0	0
XXIV.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	V-IV-h	0	0
XXV.	NET PERIOD PROFIT/LOSS (XIX+XXIV)	V-IV-ı	69.057.682	15.560.258
25.1	Group's Profit / Loss		61.598.670	13.541.060
25.2	Non-controlling Interest Profit / Loss (-)		7.459.012	2.019.198
	Earnings per Share (*)		0,246392462	0,054163753

(*) Expressed in exact TL.

Türkiye İş Bankası A.Ş.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		THOUSAND TL	
		CURRENT PERIOD (01/01-31/12/2022)	PRIOR PERIOD (01/01-31/12/2021)
I.	PROFIT/LOSS FOR THE PERIOD	69.057.682	15.560.258
II.	OTHER COMPREHENSIVE INCOME	45.775.586	7.207.376
2.1	Other comprehensive income that will not be reclassified to profit or loss	13.867.929	3.824.663
2.1.1	Revaluation Surplus on Tangible Assets	11.710.234	2.692.577
2.1.2	Revaluation Surplus on Intangible Assets	0	0
2.1.3	Gains/(Losses) on remeasurements of Defined Benefit Plans	-2.718.358	-732.441
2.1.4	Other Income/Expense Items of Other Comprehensive Income not to be Reclassified to Profit Or Loss	5.265.037	1.888.340
2.1.5	Taxes Relating To Components Of Other Comprehensive Income not to be Reclassified To Profit Or Loss	-388.984	-23.813
2.2	Other Income/Expense Items not be Reclassified to Profit or Loss	31.907.657	3.382.713
2.2.1	Exchange Differences on Translation	2.141.102	1.796.559
2.2.2	Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value through Other Comprehensive Income	33.631.708	-1.414.575
2.2.3	Income/(Loss) Related with Cash Flow Hedges	0	0
2.2.4	Income/(Loss) Related with Hedges of Net Investments in Foreign Operations	0	0
2.2.5	Other Income/Expense Items of Other Comprehensive Income to be Reclassified to Other Profit or Loss	4.492.270	2.760.779
2.2.6	Taxes Relating To Components Of Other Comprehensive Income to be Reclassified To Profit Or Loss	-8.357.423	239.950
III.	TOTAL COMPREHENSIVE INCOME (I+II)	114.833.268	22.767.634

Türkiye İş Bankası A.Ş.

Consolidated Statement Of Changes In Shareholders' Equity

CHANGES IN SHAREHOLDERS' EQUITY		Foot notes	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income That will not be Reclassified in Profit/(Loss)			Accumulated Other Comprehensive Income That will be Reclassified in Profit/(Loss)			Profit Reserves	Prior Period Profit/(Loss)	Net Current Period Profit/(Loss)	Total Shareholders' Equity Except Non-controlling Interest	Non-controlling Interest	Total Shareholder's Equity
							Tangible assets accumulated revaluation reserve Increase / (Decrease)	Accumulated gains/ (losses) on remeasurements of defined benefit plans	Other (1)	Exchange differences on translation reserve	Accumulated gains/ (losses) due to revaluation and/ or reclassification of financial assets measured at fair value through other comprehensive income	Other (2)						
		V-V																
	PRIOR PERIOD (31/12/2021)																	
I.	Beginning Balance		4.500.000	124.549		1.091.758	3.508.193	(303.280)	1.444.996	2.066.912	1.285.771	1.285.388	44.064.828	8.378.887		67.448.002	7.413.718	74.861.720
II.	Adjustment in accordance with TAS 8																	
2.1	The Effect of Adjustments																	
2.2	The Effect of Changes in Accounting Policies																	
III.	New Balance (I+II)		4.500.000	124.549		1.091.758	3.508.193	(303.280)	1.444.996	2.066.912	1.285.771	1.285.388	44.064.828	8.378.887		67.448.002	7.413.718	74.861.720
IV.	Total Comprehensive Income						2.085.048	(579.952)	1.888.340	1.794.485	(902.173)	2.757.991			13.541.060	20.584.799	2.182.835	22.767.634
V.	Capital Increase in Cash																	
VI.	Capital Increase Through Internal Reserves																	
VII.	Paid-in-Capital inflation adjustment difference																	
VIII.	Convertible Bonds																	
IX.	Subordinated Debt																	
X.	Increase/(Decrease) Through Other Changes (*)			19.084		(31.923)	10.816		32	18	651		22.664	(340.005)		(318.663)	(70.178)	(388.841)
XI.	Profit Distribution												7.296.142	(8.077.029)		(780.887)	(291.447)	(1.072.334)
11.1	Dividend Paid													(661.415)		(661.415)	(299.226)	(960.641)
11.2	Transfer to Reserves												7.281.290	(7.281.290)				
11.3	Other (**)												14.852	(134.324)		(119.472)	7.779	(111.693)
	Ending Balance (III+IV+.....+X+XI)		4.500.000	143.633	-	1.059.835	5.604.057	(883.232)	3.333.368	3.861.415	384.249	4.043.379	51.383.634	(38.147)	13.541.060	86.933.251	9.234.928	96.168.179
	CURRENT PERIOD (31/12/2022)																	
I.	Beginning Balance		4.500.000	143.633		1.059.835	5.604.057	(883.232)	3.333.368	3.861.415	384.249	4.043.379	51.383.634	13.502.913		86.933.251	9.234.928	96.168.179
II.	Adjustment in accordance with TAS 8																	
2.1	The Effect of Adjustments																	
2.2	The Effect of Changes in Accounting Policies																	
III.	New Balance (I+II)		4.500.000	143.633		1.059.835	5.604.057	(883.232)	3.333.368	3.861.415	384.249	4.043.379	51.383.634	13.502.913		86.933.251	9.234.928	96.168.179
IV.	Total Comprehensive Income						8.866.109	(1.950.954)	5.266.266	2.137.596	24.630.342	4.478.519			61.598.670	105.026.548	9.806.720	114.833.268
V.	Capital Increase in Cash																	
VI.	Capital Increase Through Internal Reserves		5.500.000										(5.500.000)					
VII.	Paid-in-Capital inflation adjustment difference																	
VIII.	Convertible Bonds																	
IX.	Subordinated Debt																	
X.	Increase/(Decrease) Through Other Changes (*)			(5.082)		19.706	(4.916)		(6)	1			425.707	152.261		587.671	(16.876)	570.795
XI.	Profit Distribution												12.486.279	(13.782.821)		(1.296.542)	(223.007)	(1.519.549)
11.1	Dividend Paid													(1.307.884)		(1.307.884)	(226.322)	(1.534.206)
11.2	Transfer to Reserves												12.474.937	(12.474.937)				
11.3	Other (**)												11.342			11.342	3.315	14.657
	Ending Balance (III+IV+.....+X+XI)		10.000.000	138.551	-	1.079.541	14.465.250	(2.834.186)	8.599.628	5.999.012	25.014.591	8.521.898	58.795.620	-127.647	61.598.670	191.250.928	18.801.765	210.052.693

(1) Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss.
(2) Accumulated gains/(losses) on cash flow hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for using equity method that will be classified to Profit/(Loss), Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss
(*) Includes changes in the Group Shares.
(**) In accordance with TMS 19 "Benefits to Employees", the provisions allocated in the relevant period for the dividend to be distributed to the personnel were added to the distributable profit figure. In the prior period, the amount of dividends distributed to bank personnel according to the main contract of the Parent Bank is also included.

Türkiye İş Bankası A.Ş.

Consolidated Statement Of Changes In Shareholders' Equity

Türkiye İş Bankası A.Ş.

Consolidated Statement of Cash Flows

		Foot notes	THOUSAND TL	
			CURRENT PERIOD (01/01-31/12/2022)	PRIOR PERIOD (01/01-31/12/2021)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		65.423.795	24.798.475
1.1.1	Interest Received		118.786.745	61.253.858
1.1.2	Interest Paid		(49.665.722)	(31.171.346)
1.1.3	Dividend Received		1.040.005	356.764
1.1.4	Fees and Commissions Received		22.118.215	10.490.764
1.1.5	Other Income		25.750.270	8.259.735
1.1.6	Collections from Previously Written Off Loans and Other Receivables		3.590.123	3.082.969
1.1.7	Cash Payments to Personnel and Service Suppliers		(25.862.712)	(12.745.696)
1.1.8	Taxes Paid		(16.911.467)	(4.041.939)
1.1.9	Other	V-VI	(13.421.662)	(10.686.634)
1.2	Changes in Operating Assets and Liabilities		23.009.505	79.558.425
1.2.1	Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		(15.496.512)	(5.146.832)
1.2.2	Net (Increase) / Decrease in Due From Banks		(8.121.373)	(12.513.917)
1.2.3	Net (Increase) / Decrease in Loans		(187.313.018)	(63.596.525)
1.2.4	Net (Increase) / Decrease in Other Assets		(49.948.337)	(17.844.555)
1.2.5	Net Increase / (Decrease) in Bank Deposits		(625.735)	(1.053.465)
1.2.6	Net Increase / (Decrease) in Other Deposits		236.383.401	127.371.908
1.2.7	Net Increase/ (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		0	0
1.2.8	Net Increase / (Decrease) in Funds Borrowed		(15.257.022)	3.054.383
1.2.9	Net Increase / (Decrease) in Matured Payables		0	0
1.2.10	Net Increase / (Decrease) in Other Liabilities	V-VI	63.388.101	49.287.428
I.	Net Cash Provided From Banking Operations		88.433.300	104.356.900
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from Investing Activities		(77.786.425)	(10.310.109)
2.1	Cash Paid for the Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		(3.689)	(5.113)
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
2.3	Cash Paid for the Purchase of Tangible Asset		(2.396.667)	(830.154)
2.4	Cash Obtained from the Sale of Tangible Asset		1.387.612	423.335
2.5	Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(79.595.524)	(44.706.318)
2.6	Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income		44.385.721	35.474.175
2.7	Cash Paid for Purchase of Financial Assets Measured at Amortised Cost		(60.382.102)	(16.224.952)
2.8	Cash Obtained from Sale of Financial Assets Measured at Amortised Cost (*)		21.574.387	16.481.168
2.9	Other	V-VI	(2.756.163)	(922.250)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities		(29.800.559)	(12.728.598)
3.1	Cash obtained from funds borrowed and securities issued		48.911.840	20.594.682
3.2	Cash used for repayment of funds borrowed and securities issued		(76.093.320)	(31.720.839)
3.3	Equity Instruments		0	0
3.4	Dividends Paid		(1.894.206)	(1.094.965)
3.5	Payments for Finance Leases		(724.873)	(507.476)
3.6	Other	V-VI	0	0
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	V-VI	975.670	(1.317.136)
V.	Net increase in cash and cash equivalents		(18.178.014)	80.001.057
VI.	Cash and cash equivalents at beginning of the period		132.322.602	52.321.545
VII.	Cash and cash equivalents at end of the period		114.144.588	132.322.602

(*) Includes Redeemed Financial Assets measured at amortized cost.

Türkiye İş Bankası A.Ş.

Consolidated Statement of Profit Distribution Table

		THOUSAND TL	
		CURRENT PERIOD (01/01-31/12/2022)	PRIOR PERIOD (01/01-31/12/2021)
I.	DISTRIBUTION OF CURRENT YEAR PROFIT (1)		
1.1	CURRENT PERIOD PROFIT (2)	73.949.048	21.250.467
1.2	TAXES AND DUES PAYABLE (-)	12.411.168	2.007.986
1.2.1	Corporate Tax (Income Tax)	17.082.925	1.057.464
1.2.2	Income Tax Withholding	121.205	46.314
1.2.3	Other Taxes and Dues Payable (3)	(4.792.962)	904.208
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	61.537.880	19.242.481
1.3	PRIOR YEARS' LOSSES (-)	0	0
1.4	FIRST LEGAL RESERVES (-)	0	1.103.071
1.5	OTHER STATUTORY RESERVES (-)	0	143.605
B.	NET PROFIT ATTRIBUTABLE TO [(A-(1.3+1.4+1.5))]	61.537.880	17.995.805
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	0	270.000
1.6.1	To Owners of Ordinary Shares	0	269.998
1.6.2	To Owners of Preferred Shares	0	2
1.6.3	To Preferred Shares (Preemptive Rights)	0	0
1.6.4	To Profit Sharing Bonds	0	0
1.6.5	To Holders of Profit / Loss Share Certificates	0	0
1.7	DIVIDENDS TO PERSONNEL (-)	0	359.481
1.8	DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	0
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	0	1.076.790
1.9.1	To Owners of Ordinary Shares	0	1.076.756
1.9.2	To Owners of Privileged Shares	0	24
1.9.3	To Owners of Preferred Shares	0	10
1.9.4	To Profit Sharing Bonds	0	0
1.9.5	To Holders of Profit / Loss Share Certificates	0	0
1.10	STATUTORY RESERVES (-)	0	0
1.11	EXTRAORDINARY RESERVES	0	16.289.534
1.12	OTHER RESERVES	0	0
1.13	SPECIAL FUNDS	0	0
II.	DISTRIBUTION FROM RESERVES		
2.1	DISTRIBUTED RESERVES	0	0
2.2	DIVIDENDS TO SHAREHOLDERS (-)	0	0
2.2.1	To Owners of Ordinary Shares	0	0
2.2.2	To Owners of Privileged Shares	0	0
2.2.3	To Owners of Preferred Shares	0	0
2.2.4	To Profit Sharing Bonds	0	0
2.2.5	To Holders of Profit / Loss Share Certificates	0	0
2.3	DIVIDENDS TO PERSONNEL (-)	0	0
2.4	DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	0
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES (4)	0,2461	0,1197
3.2	TO OWNERS OF ORDINARY SHARES (%)	615	299
3.3	TO OWNERS OF PRIVILEGED SHARES (4)	0	0
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	0	0
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES (4)	0	0,0120
4.2	TO OWNERS OF ORDINARY SHARES (%)	0	29,93
4.3	TO OWNERS OF PRIVILEGED SHARES (4)	0	0,0086
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	0	85,87

(1): The decision for dividend payment is made at the Annual General Meeting. Annual General Meeting has not been held as of the reporting date.

(2): In accordance with "TAS 19 Employee Benefits", TL 360.000 allocated for the profit share to be distributed to the personnel in 2021 and added to the profit distribution base of the same year, and TL 5.414.586 retained earnings added to the profit distribution base of the same year are added to the previous period's profit in the table.

(3): Deferred Tax Expense/Income.

(4): Expressed in exact TL.

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

SECTION THREE: EXPLANATION ON ACCOUNTING POLICIES

I. Basis of Presentation

The consolidated financial statements, related notes and explanations in this report are prepared in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Financial Reporting Legislation”) and requirements of Turkish Financial Reporting Standards (TFRS) published the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

COVID-19 outbreak, which started in China and spread globally in the first half of 2020, caused serious effects on both economic and social life. In addition to the social life effects of the cautions taken to ensure the control of outbreak in many countries, there are also consequences observed which is negatively affecting economic activity both on regional and global scale. As in other countries where the pandemic is effective, various cautions also have been taken in our country in social and economic terms. The Bank sustains its activities with the consolidated companies for the period precisely by closely monitoring the processes related to outbreak, postponing retail and non-retail customers' due debts, restructuring with grace period and existing or additional limit allocations in respect with customers' needs. Assessments regarding to possible effects of the COVID-19 outbreak through the measurement of expected credit losses are explained in the Section Three “VIII. “Explanations on Impairment of Financial Assets”.

“Interest Rate Benchmark Reform- Stage 2”, brought changes in various TAS / TFRSs effective from January 1, 2021, was released in December 2020 within the scope of the project of transition of the benchmark interest rates carried out by the International Accounting Standards Board (IASB). It was concluded that as of December 31, 2022, the changes have not occurred significantly on the Bank's financial statements.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, TAS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of December 31, 2022.

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. The Bank does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Bank operates, the crisis did not have a direct impact on the Bank's operations as of 31 December 2022. However, since the course of the crisis is still 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 the Bank's operations, are closely monitored. Since the Bank's risks to both countries are at a very low level, these developments are not expected to have an significant impact on the Bank's operations and the aforementioned developments do not have a significant impact on the operations of our subsidiary, JSC İşbank, which is within the scope of consolidation.

The accounting policies applied in the current period are in line with the prior period financial statements. The accounting policies and the valuation principles used in the preparation of the consolidated financial statements are presented below in detail.

Strategy for Use of Financial Instruments and Foreign Currency Transactions

1. The Group's Strategy on Financial Instruments

The Group's main financial activities comprise a wide range of activities such as banking, insurance and reinsurance services, brokerage services, investment consulting, real estate portfolio and asset management, financial lease, factoring services, portfolio and asset management. The liabilities on the Group's balance sheet are mainly composed of relatively short-term deposits, parallel to general liability structure of the banking system, which is its main field of activity. As for the non-deposit liabilities, funds are collected through medium and long-term instruments. The liquidity risk that may arise from this liability structure can be easily controlled through deposit continuity, as well as widespread network of the correspondent banks, market maker status (The Parent Bank is one of the market maker banks) and by the use of liquidity facilities of the Central Bank of the Republic of Turkey (CBRT). As a result, the liquidity of the Group and the banking system can be easily monitored. On the other hand, foreign currency liquidity requirements are met by the money market operations and currency swaps.

Most of the funds collected bear fixed-interest, and by closely monitoring the developments in the sector, both fixed and floating rate placements are made based on the yields of alternative investment instruments.

Some of the fixed interest liabilities that are issued/used by the Group companies are subject to fair value hedge accounting. The fair value risk of the related fixed interest financial liabilities is protected by interest rate swaps. Explanations on hedge accounting are explained in Section Three, footnote IV.2.

The principle of safety is prioritized in placement works, placements are directed to high yield and low risk assets by considering their maturity structures, while taking global and national economic expectations, market conditions, expectations and tendencies of current and potential loan customers, interest rate, liquidity, currency risks and etc, into consideration. In long term placements, a pricing policy aiming at high return is applied in general and attention is paid to maximizing non-interest income generation opportunities. In addition, the Bank and its subsidiaries within the scope of consolidation act in parallel with these strategies and within the legal limits in management of Financial Statements.

The primary objectives related to balance sheet components are set by the long-term plans shaped along with budgeting; and the Parent Bank takes the required positions against the short-term currency, interest rates and price fluctuations in accordance with these plans and the course of the market conditions.

Foreign currency, interest rate and price fluctuations in the markets are monitored instantaneously. While taking positions, in addition to the legal limits, the Parent Bank's own transaction and control limits are also effectively monitored in order to avoid limit overrides.

The Parent Bank's asset-liability management is executed by the Asset-Liability Management Committee, within the risk limits determined by the Board of Directors, in order to keep the liquidity risk, interest rate risk, currency risk and credit risk within certain limits depending on the equity adequacy and to maximize profitability.

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

2. Foreign Currency Transactions

The financial statements of the Parent Bank's branches and financial institutions that have been established abroad are prepared in functional currency prevailing in the economic environment that they operate in; and when they are consolidated, they are presented in TL, which are the functional currency of the Parent Bank and also the currency used in presentation of the financial statements.

Foreign currency monetary assets and liabilities on the balance sheet are converted into Turkish Lira by using the prevailing exchange rates at the balance sheet date. Non-monetary items in foreign currencies carried at fair value are converted into Turkish Lira by the rates at the date of which the fair value is determined. Exchange rate differences arising from the conversions of monetary foreign currency items and the collections of and payments in foreign currency transactions are reflected to the income statement.

While the Parent Bank and Türkiye Sınai Kalkınma Bankası A.Ş. one of the consolidated subsidiaries, use their own foreign currency exchange rates for their foreign currency transactions, other consolidated institutions residing domestically use the CBRT rates for their foreign currency transactions.

Assets and liabilities of the foreign branches of the Parent Bank and financial institutions that have been established abroad are converted into TL by using the prevailing exchange rates at the balance sheet date. Income and expenses of foreign branches are converted by at exchange rates at the dates of the transactions. Incomes and expenses of foreign financial institutions are converted into TL at average foreign currency rates of the balance sheet date as long as there is not a significant fluctuation in currency rates during the period. The exchange rate differences arising from the conversion to TL are recognized in the shareholders' equity.

III. Information on the Consolidated Companies

1. Basis of Consolidation:

The consolidated financial statements have been prepared in accordance with the procedures and principles listed in the “Communiqué Related to Regulation on the Preparation of the Consolidated Financial Statements of Banks” published in the Official Gazette numbered 26340 dated November 8, 2006.

a. Subsidiaries:

A subsidiary is an entity that is controlled by the Parent.

Control; is the power of the Parent Bank to appoint or remove from office the decision-taking majority of members of board of directors through direct or indirect possession of the majority of a legal person's capital irrespective of the requirement of owning minimum fifty-one per cent of its capital; or by having control over the majority of the voting right as a consequence of holding privileged shares or of agreements with other shareholders although not owning the majority of capital.

As per the “Communiqué Related to the Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette numbered 26340 dated November 8, there is no subsidiary or financial institution that is not included in the scope of consolidation as of the current period. Detailed information about the Bank's subsidiaries related to credit and financial institution is given in Section Five Note I.1.3

Under full consolidation method, the assets, liabilities, income and expenses, and off-balance sheet items of subsidiaries are combined with the equivalent items of the Parent Bank. The book value of the Parent Bank's investment in each of the subsidiaries and the Group's portion of equity of each subsidiary are eliminated. All significant transactions and balances between consolidated subsidiaries are eliminated reciprocally. Non-controlling interests in the net period profit/loss and in the equity of consolidated subsidiaries are calculated separately from the Group's net period profit/loss and the Group's shareholders' equity. Non-controlling interests are presented separately in the balance sheet and in the period profit/loss statement.

In preparing its consolidated financial statements, the Bank performed necessary corrections to ensure consistency of accounting policies used by consolidated subsidiaries. On the other hand, insurance companies under consolidation are obliged to carry their activities in accordance with the regulations and other legislations issued by Republic of Turkey Ministry of Treasury and Finance and in the accompanying consolidated financial statements, financial reporting presentations of these companies are maintained in accordance with the insurance legislation.

TFRS 3 “Business Combinations” standard prescribes no depreciation to be recognized for goodwill arising on the acquisitions on or after March 31, 2004, realizing positive goodwill as an asset and application of impairment analysis as of balance sheet dates. In the same standard, it is also required from that date onwards that the negative goodwill, which occurs in the case of the Group's interest in the fair value of acquired identifiable assets and liabilities exceeds the acquisition cost to be recognized in profit or loss.

In the prior period, positive consolidation goodwill amounting to TL 27,994 resulting from the acquisition of Moka Payment and Electronic Para Organization Inc. is included in the consolidated financial statements.

The structured entity that is established within the Bank's securitization loan transactions are included in the consolidated financial statement although the bank does not have any subsidiaries.

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

b. Associates:

An associate is a domestic or foreign entity which the Parent Bank participates in its capital and over which it has a significant influence but no control.

Significant influence is the power to participate in the financial and operating policy of the investee. If the Parent Bank holds qualified shares in the associate, it is presumed that the Parent Bank has significant influence unless otherwise demonstrated. A substantial or majority ownership by another investor does not necessarily preclude the Parent Bank from having significant influence.

Qualified share is the share that directly or indirectly constitutes ten or more than ten percent of an entity's capital or voting rights and irrespective of this requirement, possession of privileged shares giving right to appoint members of board of directors.

Equity method is a method of accounting whereby the book value of the investor's share capital in the subsidiary or the joint venture is either added to or subtracted in proportion with investor's share from the change in the subsidiary's or joint venture's equity within the period. The method also foresees that profit will be deducted from the subsidiaries' or joint venture's accordingly recalculated value.

Arap-Türk Bankası A.Ş. is a subsidiary of the Bank acting as a credit institution or financial institution, is accounted under the equity method in the consolidated financial statements according to the "Communiqué on the Preparation of Consolidated Financial Statements". Accounting policies of Arap Türk Bankası A.Ş. are not different than the Parent Bank's accounting policies. Detailed information about Arap Türk Bankası A.Ş. is given in Section Five Note I.h.2.

c. Jointly controlled entities:

A joint venture is an agreement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Bank does not have any jointly controlled entities which are credit or financial institutions in nature and to be consolidated in the financial statements by the equity method according to the "Regulation on Preparation of Consolidated Financial Statements of Banks".

d. Principles applied during share transfer, merger and acquisition:

None.

2. Presentation of subsidiaries, associates and jointly controlled entities which are not credit or financial institutions in consolidated financial statements:

The subsidiaries, associates and jointly controlled entities which are not credit or financial institutions owned by the Bank and its subsidiaries are accounted accordingly to the equity method described in TAS 28 "Investments in Associates and Joint Ventures".

IV. Forward, Option Contracts and Derivative Instruments

Derivative transactions of the Group consist of foreign currency and interest rate swaps, forwards, foreign currency options and interest rate options. The Group has no derivative instruments decomposed from the main contract.

The Group classifies derivative products "Derivative Financial Instruments at Fair Value through Profit or Loss" or "Derivative Financial Instruments through Other Comprehensive Income" according to the "TFRS 9-Financial Instruments" principles.

1. Derivative Financial Instruments

Derivative transactions are recorded at their fair values as of the date of the contract and receivables and payables arising from these transactions are recorded in off-balance sheet accounts. Derivative transactions are measured at their fair values in the reporting periods after their recognition and if the valuation difference is positive, difference is presented under the "Derivative Financial Assets at Fair Value through Profit or Loss" and if the valuation difference is negative, then it is presented under the "Derivative Financial Liabilities at Fair Value through Profit and Loss". The differences arising from the valuation of derivative transactions are associated with the income statement.

On off-balance sheet items table, options which generated assets for the Group are presented under "call options" line and which generated liabilities are presented under "put options" line.

2. Hedging Derivative Financial Instruments

TFRS 9 "Financial Instruments" rules that TAS 39 "Financial Instruments: Recognition and Measurement" value hedge accounting may continue to be implemented to hedge the fair value changes against interest rate risk. In this context, the principles of TAS 39 regarding hedge accounting for fair value hedge accounting continue to be applied in the accompanying financial statements.

Interest rate swaps are performed in order to hedge the changes in fair value of fixed interest rate financial instruments.

In this context, if the valuation differences of the derivative transactions are positive, they are included in "Derivative financial assets at Fair Value through Profit or Loss" and if the valuation differences are negative, they are included in "Derivative Financial Liabilities at Fair Value through Profit or Loss". Changes in the fair value of the fixed rate financial liabilities subject to hedge accounting and changes in the fair value of interest rate swaps as hedging instruments are recorded under "Trading Profit/Loss" in the income statement.

At the beginning of the hedging transaction and in each reporting period, it is expected that the hedging transaction will offset the changes in the hedged risk arising from the hedged transaction (related to the hedged risk) and effectiveness tests are performed in this context. Efficiency tests are carried out with the "Dollar off-set method" and the hedging accounting is continued if the efficiency is between 80% and 125%.

The hedge accounting is terminated if the hedging instrument is terminated, realized, sold or the effectiveness test is ineffective. In the case of termination of fair value hedge accounting, the valuation effects of the fair value hedge accounting applied on the hedged financial instruments is reflected to the statement of profit or loss on a straight-line basis over the life of the hedged financial instrument.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

V. Interest Income and Expenses

Interest income is calculated by using the effective interest rate method (the rate that equals the future cash flows of a financial asset or liability to its present net book value) to gross carrying amount of financial asset in conformity with "TFRS 9 Financial Instruments" except financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired.

Under the scope of TFRS 9 application, the Group does not reverse the interest accruals and discounts of non-performing loans and other receivables and monitors the related amounts under interest income and calculates expected credit loss on these amounts according to the related methodology.

VI. Fees and Commission Income and Expenses

Wages and commissions those that are not an integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted for in accordance with "TFRS 15 - Revenue from Customer Contracts". Fees and commission income and expenses are recognized either on accrual basis or by using the effective interest method. Income earned in return for services rendered contractually or due to operations like sale or purchase of assets on behalf of a third-party real person or corporate body are recognized in income accounts in the period of collection.

VII. Financial Assets

The Bank and its companies within the scope of "TFRS 9 Financial Instruments", classifies and accounts its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets at Fair Value Through Other Comprehensive Income" or "Financial Assets at Measured at Amortized Cost" by taking into account their business model and contractual cash flow characteristics. Financial assets are recognized or derecognized according to TFRS 9 "Recognition and Derecognition in Statement of Financial Position" requirements. Financial asset is recognized in the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are measured at their fair value on initial recognition in the financial statements.

The Group has three different business models for classification of financial assets;

- Business model aimed at holding financial assets in order to collect contractual cash flows: Financial assets held under the mentioned business model are managed to collect contractual cash flows over the life of these assets. The Group manages its assets held under this portfolio in order to collect certain contractual cash flows.
- Business model aimed at collecting contracted cash flows of financial assets and selling; in this business model, the Group intends both to collect contractual cash flows of financial assets and to sell these assets.
- Other business models; A business model in which financial assets; are not held within the scope of a business model aimed at collection of contractual cash flows and within the scope of a business model aimed at collecting and selling contracted cash flows, are measured by reflecting fair value in profit or loss.

The Group is able to reclassify all affected financial assets in case it changes the business model that is used for the management of financial asset.

In the event of the termination of the rights related to the cash flows from a financial asset, the transfer of all risks and rewards of the financial asset to a significant extent or has no longer control of the financial assets, the financial asset is derecognized.

1. Financial Assets at Fair Value Through Profit or Loss

Financial assets except financial assets measured at amortized cost or at fair value through other comprehensive income, are measured at fair value through profit or loss. Financial assets at fair value through profit or loss are financial assets held for the purpose of generating profit from short-term fluctuations in price or similar factors in the market or being part of a portfolio for profitability in the short term, regardless of the acquisition reason or financial assets that are not held in a business model that aims at collecting and/or selling contractual cash flows of financial assets.

Financial assets at fair value through profit or loss are initially measured at fair value on the balance sheet and are subsequently re-measured at fair value. Gains or losses arising from the valuation are related to profit and loss accounts.

In some cases, restructuring, alteration or counterparty changes of contractual cash flows of loans may lead to derecognition of related loans in accordance with TFRS 9. When the change in the financial asset results from derecognizing the existing financial asset from the financial statements and the revised financial asset is recognized in the financial statements, the revised financial asset is considered as a new financial asset in accordance with TFRS 9. When it is determined that there are significant changes between the new conditions of the revised financial asset and the first conditions in related agreements, the Group evaluates the new financial asset according to the current business models. When it is determined that the contractual conditions do not only result in cash flows that include principal and interest payments at certain dates, the financial asset is recognized at fair value and is subject to valuation. The differences arising from the valuation are reflected in the nominal accounts.

The Group recognizes loans at fair value through profit or loss, if the contractual terms of the loan, do not result in cash flows including the principal payments and interest payments generated from principal amounts at certain dates. These loans are valued at their fair values after their recognition and the losses or gains arising from the valuation are included in the profit and loss accounts.

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

Financial assets at fair value through other comprehensive income are financial assets that are held under a business model that aims both to collect contractual cash flows and to sell financial assets, and financial assets with contractual terms that lead to cash flows that are solely payments of principal and interest on the principle amount outstanding at specific dates.

Financial assets at fair value through other comprehensive income are initially recognized at their fair value including their transaction costs on the financial statements. The initial recognition and subsequent valuation of such financial assets, including the transaction costs, are carried out on a fair value basis and the difference between amortized cost and the cost of borrowing instruments is recognized in profit or loss by using the effective interest method. Dividend income arising from investments in equity instruments that are classified as at fair value through other comprehensive income is also recognized in income statements.

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Gains and losses, except impairment gain or loss and foreign exchange gain or loss, arising from changes in the fair value of financial assets at fair value through other comprehensive income are reflected to other comprehensive income until derecognized or reclassified. When the value of the financial asset is collected or financial asset is disposed, the related fair value differences accumulated in the shareholders' equity are transferred to the profit/loss statement.

During the initial introduction to financial statements, amendments to the fair value of an investment in an equity instrument within the framework of TFRS 9 that are not held for trading or that are not valued in a financial statement of an entity that acquires business combinations under the "TFRS 3 Business Combinations" may be subject to an irreversible preference regarding these amendments being accounted in other comprehensive income. In such case, dividends taken from mentioned investment will be accounted in financial statement as profit or loss.

3. Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are those financial assets that are held within the framework of a business model aimed at collecting contractual cash flows over the life of the asset and which result in cash flows that include principal and interest on the principal amount outstanding at specific dates. Financial assets measured at amortized cost with the initial recognition at fair value including transaction costs are subject to valuation with their discounted cost value by using the effective interest rate method, after eliminating any provision for impairment if there is any. Interest income measured by using the effective interest rate method are recognized in the income statement as an "interest income".

The Bank and subsidiaries evaluate their loans within the framework of current business models and depending on these evaluations, they can be classified as Financial Assets measured at Amortized Cost.

On the other hand, the Parent Bank's securities portfolio includes consumer price indexed government bonds classified (CPI) as financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, and financial assets measured at amortised cost. In the valuation of mentioned securities, the realized CPI index announced by TURKSTAT, and the estimated inflation curve created by using the "Annual CPI Expectation for the Next 12 Months" in the CBRT Market Participants Survey is used. The future cash flows of the securities are estimated by the previously mentioned inflation data and the valuation is made according to the effective interest method within the framework of reference index formula given by the CPI Indexed Bonds Investor's Guide of the Undersecretariat of Treasury.

The Parent Bank also holds consumer price indexed government bonds ("CPI") in its securities portfolio, reclassified as financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss and financial assets measured at amortised cost. In the valuation of the mentioned securities, the estimated inflation curve created by using the CPI index announced by Turkish Statistical Institute ("TÜİK") and the "Annual CPI Expectation After 12 Months" from the CBRT Market Participants Survey is used. Future cash flows of securities are estimated by using the mentioned inflation data and valuation is made according to the effective interest method within the framework of the reference inflation index formula specified in the Undersecretariat of Treasury's Investor Guide of CPI.

VIII. Impairment of Financial Assets

In accordance with the "TFRS 9- Financial Instruments" and the regulation "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" issued by BRSA, the Bank recognizes expected credit loss allowance on financial assets at fair value through other comprehensive income, financial assets measured at amortized cost, impaired credit commitments and financial guarantee contracts.

Within the scope of TFRS 9, the expected credit loss is calculated according to the "three-stage" impairment model based on the change in the loan quality of financial assets after the initial recognition and detailed in the following headings:

Stage 1:

An important determinant for calculating the expected credit loss in accordance with TFRS 9 is to assess whether there is a significant increase in the credit risk of the financial asset. Financial assets that have not experienced a significant increase in credit risk since the initial recognition are monitored in the stage 1. Impairment for credit risk for the Stage 1 financial assets is equal to the 12-month expected credit losses.

Stage 2:

Financial assets that experienced a significant increase in the credit risk since initial recognition, are transferred to Stage 2. The expected credit loss of these financial assets are measured at an amount equal to the instrument's lifetime expected credit loss. In order to classify a financial asset in the Stage 2, the following criteria is considered:

- Overdue between 30-90 days
- Restructuring of the loan
- Significant deterioration in the probability of default

In case of a significant deterioration in the probability of default, the credit risk is considered to be increased significantly and the financial asset is classified as stage 2. The absolute and gradual thresholds used to increase the probability of default are differentiated on the basis of portfolio and product group. In this manner, for the commercial portfolio, definition of increase in the probability of default is the comparison between the probability of default on loan's opening date, obtained from the integrated rating/score based on internal rating and probability of default of the same loan on reporting date, obtained from the integrated rating/score based on internal rating. For the individual portfolio, it is accepted that the probability of default is worsened in cases where the behavioral score falls below the thresholds determined on the basis of the product and the probability of default exceeds the thresholds determined on the basis of the product.

Stage 3:

Financial assets with sufficient and fair information for impairment at the reporting date, are classified in the third stage. Expected credit loss of these financial assets is measured at an amount equal to the lifetime expected credit loss. The following basic factors are considered for the classification of a financial asset in the stage 3.

- More than 90 days past due
- Whether the credit rating is weakened, has suffered a significant weakness or cannot be collected or there is a certain opinion on this matter

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While estimating the expected credit loss, statistical models, methods and tools are used in accordance with the relevant legislation and accounting standards. Expected credit loss is measured using reasonable and supportable information by taking current and forecasts of future economic information into consideration, including macroeconomic factors. Three scenarios, base scenario, optimistic scenario and the worst scenario, are used in forecasting studies made by macroeconomic models. The variables used in these macroeconomic estimates include Industrial Production Index, Employment Ratio and Credit Default Swap indicators. The validity of the risk parameter estimates used in the calculation of expected credit losses is reviewed and evaluated at least annually within the framework of model validation processes. Macroeconomic forecasts and risk delinquency data used in risk parameter models are re-evaluated every quarter to reflect the changes in economic conjuncture and are updated if needed. In the expected credit loss calculations, macroeconomic information is taken into account under multiple scenarios. In this framework, necessary updates were made in 2022. Except for demand or revolving loans, the maximum period for which expected credit losses are to be determined is the contractual life of the financial asset. For demand or revolving loans, maturity is determined by taking the future risk mitigation processes into account such as behavioral maturity analyses performed by the Bank and cancellation/revision of the Bank's credit limit.

While calculating the expected credit loss, aside from assessment of whether there is a significant increase in credit risk or not, basic parameters expressed as probability of default, loss given default and exposure at default are used.

Probability of Default: Represents the probability of default on the loan over a specified time period. In this context, the Bank has developed models to calculate 12-month and life-time default probabilities by using internal rating based credit rating models. As for the Group Companies historical probability of default data has also been observed.

Loss Given Default (LGD): Defined as the damage caused by the default of borrower to the total balance of the exposure at the time of default. The LGD estimates are determined in terms of credit risk groups that are detailed in the Bank's data resources and system facilities. The model used for the estimation of the LGD was established by taking into account the direct cost items during the collection process based on the historical data of the Bank's collection, and cash flows are discounted at effective interest rates.

Exposure at Default: For cash loans, the cash balance at the date of report, for non-cash loans the balance calculated using the Credit Conversion Factor (CCF) is represented by Exposure at Default.

Credit Conversion Factor: It is calculated for non-cash loans (undrawn limit for revolving loans, commitments, non-cash loans etc.) The historical limit usage data of the Bank for revolving loans are analyzed and the limit amount that can be used until the moment of default is estimated. For non-cash loans, the cash conversion ratio of the loan amount is estimated by analyzing the product type and the past compensation amount of the Group.

Credit risks, which require qualitative assessments due to their characteristics and differ followed by grouping in this manner, are considered as individual within the internal policies. Calculations are made by the method of discounted cash flows with the effective interest rate expected from the relevant financial instrument. Discounted cash flows are estimated for 3 different scenarios in which parameters are differentiated, and individual expected credit loss is calculated by taking into consideration the cash deficit amounts weighted according to probabilities.

As mentioned above, the Bank allocated expected credit losses by reflecting additional provisions through individual assessments performed for the customers that operates in sectors where the impact might be high in accordance with the Bank's risk policies.

Expected credit loss is reflected in the income statement. Released provisions in the current year are accounted under "Expected Credit Loss Expenses" and released provision which is carried from the prior year are accounted under "Other Operating Income".

Receivables evidenced through the Legal Process that collection is not possible can be written-off by fulfilling the requirements of the Tax Procedure Law. Besides, loans for which specific provision is allocated and for which there is no reasonable expectation of recovery might be written-off.

IX. Offsetting Financial Instruments

Financial assets and financial liabilities shall be offset and the net amount shall be presented in the balance sheet only when a party currently has a legally enforceable right to set off the recognized amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

X. Sale and Repurchase Agreements and Securities Lending Transactions

Marketable securities subject to repurchase agreements are classified under "Financial Assets at Fair Value through Profit and Loss", "Financial Assets at Fair Value through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost" in the portfolio and they are valued according to the valuation principles of the related portfolios.

Funds obtained from the repurchase agreements are recognized under "Funds from Repurchase Transactions" account in liabilities. For the difference between the sale and repurchase prices determined by the repo agreements for the period; expense accrual is calculated using the effective interest rate method.

Reverse repo transactions are recognized under the "Receivables from Reverse Repo Transactions" account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period, income accrual is calculated using the effective interest rate method.

XI. Non-current Assets Held for Sale and Discontinued Operations and Related Liabilities

Assets that meet the criteria to be classified as held for sale within the scope of "TFRS 5 - Non-current Assets Held for Sale and Discontinued Operations" are measured at the lower one of their fair value and their carrying amount which from the costs to sell are deducted and presented separately within the financial statements. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active programme to complete the plan should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of a group that either has been disposed of or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement.

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XII. Goodwill and Other Intangible Assets

The Group's intangible assets consist of consolidation goodwill, software programs and rights.

Goodwill arising from the acquisition of a subsidiary represents the excess of cost of acquisition over the fair value of Group's share of the identifiable assets, liabilities, or contingent liabilities of the acquired subsidiary at the date of acquisition of the control. Goodwill is recognized as an asset at cost and then carried at cost less accumulated impairment losses. In impairment-loss test, goodwill is allocated between the Group's every cash-generating unit that is expected to benefit from the synergies of the business combination. To control whether there is an impairment loss in the cash-generating units that goodwill is allocated, impairment- loss test is applied every year or more often if there are indications of impairment loss. In the cases, recoverable amount of cash-generating unit is smaller than its book value; impairment loss is firstly used in reduction of book value of the cash-generating unit, and then the other assets proportionally. Goodwill which is allocated for the impairment losses could not be reversed. When a subsidiary is to be sold, related goodwill amount is combined with the profit/loss relating to this disposal. Positive goodwill arising from the Group's investments in its subsidiaries is recognized in "Intangible Assets". Explanations on consolidation goodwill are given in Section Three, Note III.1.a.As for other intangible assets, the purchased items are presented with their acquisition costs less the accumulated amortization and impairment provisions. In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of TAS 36 "Impairment of Assets" and impairment provision is set aside in case the recoverable amount is below its acquisition cost. The related assets are amortized by the straight-line method considering their estimated useful life. The amortization method and period are periodically reviewed at the end of each year.

XIII. Tangible Assets

The Bank and Group companies follow their real estates in use, which are recorded under tangible fixed assets, according to the revaluation model within the framework of "TAS 16 – Property, Plant and Equipment" since 2015. The positive difference between the net book value of real estate property values and the renewed expertise values which are determined by the licensed valuation in 2022 companies are recorded under the shareholders' equity.

In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of "TAS 36 – Impairment of Assets" and impairment provision is set aside in case the recoverable amount is below its acquisition cost.

Tangible assets other than the land and construction in progress are amortized by the straight-line method, according to their estimated useful lives. The estimated useful life, residual amount and the method of amortization are reviewed every year for the possible effects of the changes that occur in the estimates and if there is any change in the estimates, they are recognized prospectively.

Assets held under finance lease are depreciated over the expected useful life of the related assets.

Assets subject to leasing are depreciated according to relevant contract periods.

Leasehold improvements are amortized in equal amounts considering their useful life. However, in any case the useful life cannot exceed leasing term. When the lease period is not certain or longer than 5 years, the amortization period is recognized as 5 years.

The difference between the sales proceeds arising from the disposal of tangible assets or the inactivation of tangible asset and the book value of the tangible assets are recognized in the profit and loss accounts.

Regular maintenance and repair cost incurred for tangible assets are recognized as expense.

There are no pledges, mortgages and similar encumbrances on tangible assets.

The "Regulation on Procedures and Principles for the Trading of Precious Metals by Banks and the Disposal of Commodities and Real Properties acquired by Banks due to their Receivables" has been abolished by BRSA effective from January 1, 2017. Real properties acquired by Group due to their receivables and not treated in the scope of "TFRS 5 - Non-current Assets Held for Sale and Discontinued Operations" has been started to follow under "Other Assets" in accordance with the related accounting standard from the current period.

The depreciation rates used in amortization of tangible assets and their estimated useful lives are as follows:

	Estimated Economic Life (Year)	Depreciation Rate
Buildings	50	2%
Safe Boxes	2-50	2% - 50%
Other Movables	2-25	4% - 50%

XIV. Investment Property

Investment properties are kind of properties held by the Group to earn rent income or benefit from valuation surplus. The investment properties of the Group are measured at their fair values in the consolidated financial statements in accordance with "TAS 40 Investment Property". Any gains or losses arising from changes in fair values of investment properties are recognised in "Other Operating Incomes" and "Other Operating Expenses" for the related period.

XV. Leasing Transactions

Assets acquired through financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portion of the payables is recognized as a deferred amount of interest. Finance lease payments are separated as financial expense and principal amount payment, which provides a decrease in finance lease liability, thus helps a fixed rate interest on the remaining principal amount of the debt to be calculated.

Within the context of the consolidation general borrowing policy, financial expenses are recognized in the income statement. Assets held under financial

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leases are recognized under the tangible assets account and are depreciated by using the straight line method. There is one company which exclusively does finance leases (İş Finansal Kiralama A.Ş.) and one bank (Türkiye Sınai Kalkınma Bankası A.Ş.) which operates finance lease activities as per provisional article No 4 of the Banking Law No 5411. Finance lease activities are operated according to the "Law on Financial Leasing, Factoring and Financing" No 6361.

The Bank and the Companies in scope of consolidation have accounted for recognized operating leases in accordance with the TFRS 16 "leases" standard. Operating leases within the framework of the aforementioned standard are monitored in a similar manner to financial leases. For the agreements within the scope of TFRS 16, the right-of-use-asset and the lease payments are reflected to the financial statements and they are presented under "Tangible Assets" and "Liabilities from Financial Leases", respectively. The lease liability is calculated by discounting the future lease payments by the use of the Banks or alternative borrowing interest rates at the date of initial application or contract date. Fixed assets, which are accounted as right-of-use assets, are subject to depreciation considering the period of the contract. Interest expenses and foreign exchange differences related to the lease liabilities are associated with profit and loss statement.

XVI. Insurance Technical Income and Expensealar

In insurance companies, premium income is obtained after diminishing the shares transferred from arranged policy income to reinsurer.

Claims are recorded in expense on accrual basis. Outstanding loss provisions are recognized for the claims reported but not paid yet and for the claims that incurred but not reported. Reassurer' shares of outstanding and paid claims are offset in these provisions.

XVII. Insurance Technical Provisions

TFRS 4 "Insurance Standards" requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. Insurance risk is defined as risk, other than financial risk, transferred from the holder of a contract to the issuer. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with TAS 39 "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement".

Within the framework of the current insurance regulation, insurance technical provisions accounted by insurance companies for unearned premium claims, unexpired risk reserves, outstanding claims and life-mathematical reserves are presented in the consolidated financial statements.

Unearned premium reserve is recognized on accrued premiums without discount or commission which extends to the next period or periods on a daily basis for the current insurance contracts.

In case the expected loss premium ratio is over 95%, the unexpired risk reserves are recognized for the main branches specified by the Undersecretariat of Treasury. For each main branch, the amount found by multiplying the ratio exceeding 95% by the net unearned premium provision, is added to the unearned premium provision of that main branch.

If the outstanding claim reserve is established and confirmed by approximation and if there are unpaid or unidentified compensation amounts in both prior and current accounting periods; it is separated for estimated yet unreported compensation amounts.

Mathematical reserve is recognized on actuarial bases in order to meet the requirements of policyholders and beneficiaries for life, health and personal accident insurance contracts for a period longer than a year.

On the other hand, actuarial chain ladder method is used to estimate the reserve amount to be set aside in the current period by looking at the data of the past materialized losses. If the reserve amount found as a result of this method exceeds the amount of reserve for the amount of uncertain indemnity, additional reserve must be set aside for the difference.

Reinsurance companies recognize for the outstanding claims that is declared by the companies, accrued and determined on account.

Insurance companies of the Group cede premium and risks in the normal course of business in order to limit the potential for losses arising from risks accepted. Insurance premiums ceded to reinsurers on contracts that are deemed to transfer significant insurance risk are recognized as an expense in a manner that is consistent with the recognition of insurance premium revenue arising from the underlying risks being protected.

Costs which vary and are directly associated with the acquisition of insurance and reinsurance contracts including brokerage, commissions, underwriting expenses and other acquisition costs are deferred and amortized over the period of contract, consistent with the earning of premium.

XVIII. Provisions and Contingent Liabilities

As of the end of the reporting period, a past event is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists, the entity recognizes a provision in the financial statements. As of the end of the reporting period where it is more likely that no present obligation exists at the end of the reporting period, the entity discloses a contingent liability on footnotes unless the possibility of an outflow of resources embodying economic benefits is remote.

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation.

Provisions are calculated based on the reliable estimates of management of the Parent Bank and subsidiaries on the expenses to incur as of the balance sheet date to fulfill the liability by considering the risks and uncertainties related to the liability. In case the provision is measured by using the estimated cash flows required to fulfill the existing liability, the book value of the related liability is equal to the present value of the related cash flows.

If the amount is not reliably estimated and there is no probability of cash outflow from the Group to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

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XIX. XIX.Contingent Assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Parent Bank and the Group. Since showing the contingent assets in the financial statements may result in the accounting of an income, which will never be generated, the related assets are not included in the financial statements, but if there is a possibility that an inflow of economic benefits of these assets may occur then it is explained in the footnotes of the financial statements. Nevertheless, the developments related to the contingent assets are constantly evaluated and if it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

XX. Liabilities Regarding Employee Benefits

1. Severance Indemnities and Short-Term Employee Benefits

According to the related regulation and the collective bargaining agreements, the Parent Bank and consolidated Group companies (excluding the subsidiaries residing outside Turkey) are obliged to pay termination benefits for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or (for the female employees) who have voluntarily quit within one year after the date of their marriage. Within the scope of TAS 19 "Employee Benefits", the Parent Bank allocates severance indemnity provisions for employee benefits by estimating the present value of the probable future liabilities. According to TAS 19, all actuarial gains and losses occurred are recognized under shareholders' equity. As the legislations of the countries in which the Parent Bank's non-resident subsidiaries operate do not require retirement pay provision, no provision liability has been recognized for the related companies. In addition, provision is also allocated for the unused paid vacation.

2. Retirement Benefit Obligations

İşbank Pension Fund (Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı), of which each employee of the Parent Bank is a member, has been established according to the provisional Article 20 of the Social Security Act No 506. As per provisional article numbered 23 of the Banking Law numbered 5411, it is ruled that Bank pension funds, which were established within the framework of Social Security Act, will be transferred to the Social Security Institution, within 3 years after the publication of such law. Methods and principles related to transfer have been determined as per the Cabinet decision dated 30 November 2006 numbered 2006/11345. However, the related article of the act has been cancelled upon the President's application dated November 2, 2005, by the Supreme Court's decision dated March 22, 2007. Nr.E.2005/39. K.2007/33, which was published on the Official Gazette dated March 31, 2007 and numbered 26479 and the execution decision was ceased as of the issuance date of the related decision.

After the justified decree related to cancelling the provisional Article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated December 15, 2007 and numbered 26731. Turkish Grand National Assembly started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 "Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws", which was published on the Official Gazette dated May 8, 2008 and numbered 26870, came into effect. The new law decrees that the contributors of the Bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three-year transfer period can be prolonged for maximum 2 years by the Cabinet decision.

However related transfer period has been prolonged for 2 years by the Cabinet decision dated, March 14, 2011. which was published on the Official Gazette dated April 9, 2011 and numbered 27900. In addition, by the Law "Emendating Social Security and General Health Insurance Act", which was published on the Official Gazette dated March 8, 2012 and numbered 28227, this period of 2 years has been raised to 4 years after that related transfer period has been prolonged for one more year by the Cabinet decision dated April 8, 2013, which was published on the Official Gazette dated May 3, 2013 and numbered 28636 also this period has revalidated one more year by the Cabinet decision dated February 24, 2014, which was published on the Official Gazette dated April 30, 2014 and numbered 28987.

The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the "Occupational Health and Safety Law and Other Laws and Decree Laws" published in the Official Gazette dated April 23, 2015 and numbered 29335. This authority was transferred to the President with the delegated legislation No.703 which published in the repetitive Official Gazette No. 30473 dated July 9, 2018.

On the other hand, the application made on June 19, 2008 by the Republican People's Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the afore-mentioned court on March 30, 2011..

The above mentioned Law also states that;

- Through a commission constituted by the attendance of one representative separately from the Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization. Banking Regulation and Supervision Agency. Savings Deposit Insurance Fund, one from each pension fund, and one representative from the organization employing pension fund contributors, related to the transferred persons, the cash value of the liabilities of the pension fund as of the transfer date will be calculated by considering their income and expenses in terms of the lines of insurance within the context of the related Law, and technical interest rate of 9.8% will be used in the actuarial calculation of the value in cash
- And that after the transfer of the pension fund contributors, the ones who receive salaries or income from these funds and their rightful beneficiaries to the Social Security Institution, these persons' uncovered social rights and payments, despite being included in the trust indenture that they are subject to, will be continued to be covered by the pension funds and the employers of pension fund contributors.

In line with the new law, the Bank obtained a technical actuarial valuation report from a licensed actuary for the year ended December 31, 2022. In related period's financial statements, Bank provided full provision for the total amount of technical and actual deficit stated in the actuarial report of the aforementioned period The actuarial assumptions used in the related actuarial report are given in Section Five Note II-h-4-1. Besides the Parent Bank; Anadolu Anonim Türk Sigorta Şirketi, Milli Reasürans T.A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş. also had actuarial valuations as of December 31, 2022 for their pension funds. The provision amount of actuarial and technical deficit, which was measured according to actuarial report of Milli Reasürans T.A.Ş., is added in the financial statements for the current period. According to actuarial report of Anadolu Anonim Türk Sigorta Şirketi and Türkiye Sınai Kalkınma Bankası, there is not any additional operational or actuarial liability.

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İşbank Members' Supplementary Pension Fund has been founded by the Parent Bank to provide beneficiaries with additional social security and solidarity rights to compulsory social security benefits as per the provisions of the Turkish Commercial Code and Turkish Civil Code. Those are also valid for the supplementary pension funds of the employees of Anadolu Anonim Türk Sigorta Şirketi, Milli Reasürans T.A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş. which are among the other financial institutions of the Group.

XXI. Taxation

1. Corporate Tax:

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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

As per the Corporate Tax law, temporary tax is calculated and paid quarterly in line with the principles of the Income Tax Law and at the corporate tax rate. The temporary tax payments are deducted from the current period's corporate tax. The 4th provisional tax for the year 2022 will be paid in February 2023 for to be deducted from the corporate tax of the current taxation period.

Tax provision consists of current tax provision and deferred tax income/expense. The current tax liability is calculated over the portion of the period subject to taxation. The taxable profit differs from the profit involved in the statement of profit and loss, as the income and expense items that can be taxable or deductible at other periods, and items that are not taxable or deductible are excluded. The current tax amounts payable is netted off with prepaid tax amounts and presented on the financial statements.

Within the framework of the Corporate Tax Law numbered 5520, 75% of the gains on the sale of the participation shares, which were held in the assets for a minimum of 2 whole years and 75% of the gains on the sale of immovable are exempt from tax provided that they are added to the capital as set forth by the Law or that they are kept in a special fund under liabilities for a period of 5 years. However, in accordance with Article 89 / a of the Law No. 7061 and Article 5.1.e and Article 5.1.f of the Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017 and numbered 30261, the 75% applied in terms of immovable sales mentioned above has been reduced to 50% which is effective from the date of publication of the Law.

In accordance with the provision of Article 298 / A of the Tax Procedure Law, the necessary conditions for inflation adjustment in the calculation of corporate tax as of the end of the 2021 calendar year have been met. However, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023 with the regulation made with the "Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law" numbered 7352 published in the Official Gazette dated 29.01.2022 and numbered 31734. Accordingly, VUK (Tax Procedure Law) financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, will not be subject to inflation adjustment, and the 2023 accounting period will not be subject to inflation adjustment as of the temporary tax periods. will be subject to inflation adjustment regardless.

2. Deferred Tax:

Deferred tax asset or liability is determined by calculating the tax effects of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts considered in the legal tax base account, by taking the legal tax rates into account. Deferred tax debts are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Free provisions that are allocated for possible future risks and they are not subject to deferred tax calculation. No tax assets or liabilities are recognized for the temporary timing difference that affects neither the taxable profit nor the accounting profit and that arises from the initial recognition in the balance sheet, of assets and liabilities, other than the goodwill and mergers. The Bank calculates deferred tax for the provisions allocated for Stage 1 and Stage 2 expected credit loss.

The carrying values of deferred tax assets are reviewed at each balance sheet date and 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 is measured at enacted tax rates prevailing in the period or about to be enacted when the assets are realized or liabilities are settled, and the tax is recognized as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts. In accordance with the Provisional Article 13 added to the Corporate Tax Law Numbered 5520 with the Law Numbered 7316, the 20% rate foreseen in the calculation of the corporate tax for the corporate earnings of the 2021 taxation period is determined as 25% (starting from the declarations to be submitted as of July 1, 2021 and to be valid for the corporate earnings for the taxation period starting from January 1, 2021), and as 23% for the corporate earnings for the 2022 taxation period. On the other hand, in accordance with the amendment made in Article 32 of the Corporate Tax Law with the Law No. 7394 published in the Official Gazette dated 15.04.2022 and numbered 31810, the corporate tax rate should start from the declarations that must be submitted as of 01.07.2022 and taxation starting from 01.01.2022. It has been determined as 25% to be valid for the corporate earnings of the period. The Bank has calculated deferred tax by using 25% rate considering the periods when deferred tax assets and liabilities are realized (December 31, 2021: 20%, 23%, and 25% rates are used).

Deferred tax assets and liability of the Bank and consolidated companies are shown by way of offsetting in separate financial statements of each entity. In the consolidated financial statements, on the other hand, the deferred tax assets and liabilities that come from the companies as offset are separately involved in the assets and liabilities.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

3. Tax Practices in the Countries that Foreign Branches Operate:

Turkish Republic of Northern Cyprus (TRNC)

In accordance with TRNC tax legislation, 15% income tax is accrued on the remaining tax base after 10% corporate tax is deducted from corporate income. The tax bases for companies are determined by adding the expenses that cannot be deducted according to TRNC regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. Income tax is paid in June, and corporate tax payment is made in two equal installments, in May and in October. On the other hand, withholding tax is paid in TRNC over interest income and similar gains of the companies. The related withholding tax payments and provisional tax paid every quarter during the year are deducted from corporate tax payable and the difference between withholding and provisional tax amounts and corporate tax payable is discounted from income tax provided that the withholding tax and paid provisional tax amounts are higher than corporate tax amount.

England

Corporate earnings are subject to 19% corporate tax in England. The relevant rate is applied to the tax base that is determined by adding the expenses that cannot be deducted due to the regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. In other respect, if the tax base calculated in accordance with the country legislation is within a certain range, the temporary corporate tax is paid in July, October of the relevant year and in January and April of the following year; If it is over a certain amount, it is paid in 4 installments in March, June, September and December of the relevant year. The corporate tax amount must be finalized and paid by the end of September of the year following the year of profit. In case the corporate tax payable as a result of the calculation is below the temporary taxes paid, the difference amount is deducted later or paid back to the Branch by the authority.

Bahrain

Banks in Bahrain are not subject to tax according to the regulations of the country.

The Republic of Iraq (Iraq)

The corporate tax rate in Iraq is 15%, and the corporate tax is paid on a consolidated basis to the tax office of the foreign bank's central branch. The first branch established in Iraq is considered as the central branch. Foreign bank branches whose central branch is within the boundaries of the Central Government must present their consolidated financial statements and pay accrued tax to the relevant tax office by the end of May of the following year, and branches of foreign banks whose central branch is within the boundaries of the Northern Iraq Regional Government must present their financial statements and pay accrued tax by the end of June of the following year at the latest. Northern Iraq Regional Government tax offices can accrue fixed taxes other than the specified rate and can postpone the due date.

Kosovo

Corporate earnings are subject to income tax rate of 10% according to the Kosovo legislation. This ratio is applied to the tax base that will be calculated as a result of the implementation of exemptions, deductions, addition of disallowable expenses, to the corporate income and that are calculated in accordance with the tax laws. Tax has to be paid in advance until April, July, October and the 15th day of January of the following year by four installments. If those prepaid taxes are lower than the final corporate tax, the difference is paid until the end of March of the following year, in case of a claim made by company, if it is higher, then the difference is returned to the institution by the tax authorities after the inspection conducted by those institution.

Georgia

Corporate earnings are subject to income tax rate of 15% according to the Georgian legislation. This ratio is applied to the tax base that will be calculated as a result of the implementation of exemptions, deductions, addition of disallowable expenses, to the income of corporations and that are calculated in accordance with the tax laws. In addition, in accordance with the legislation of Georgia, each year during May, July, September and December the amount of tax, that calculated according to the previous year income tax, is paid to the tax office by four equal installments of the probable income that is likely to be obtained the current year. If those prepaid taxes are lower than the final corporate tax, the difference is paid until the beginning of April of the following year, if it is higher, then the difference is returned to the institution by the tax authorities.

Germany

According to the tax regulations in Germany, corporate gains are subject to 15% corporate tax, 16.7% income and industrial tax. In addition to this, a solidarity tax of 5.5% is calculated over this corporate tax. The tax bases for corporate, income and industrial services are determined by adding the expenses that cannot be deducted according to Germany regulations, to interest, commissions and other operating gains and by subtracting exemptions and deductions from these. The corporate tax payments are made as temporary tax payments in four installments and are deducted from the corporate tax that is finalized at the end of the current year.

Russia

According to the Russian regulations, corporate gains are subject to 20% corporate tax. The corporate tax base is determined on accrual basis and it is measured by adding the non-deductible expenses to the corporate income gained during the period. Companies in Russia make quarterly tax returns and make provisional tax payment by offsetting the advance taxes paid during the period. Final taxation period for corporate tax is one year and the corporate tax is paid until the end of March of the following year, by considering the provisional taxes paid during the year. Coupon income from government bonds of the Russian Federation and Belarus, as well as the Ruble and some other private bonds issued by Russian companies after January 1, 2017 and traded on the stock exchange are subject to a corporate tax of 15%. The securities in the question income is paid within 10 business days from the end of the month following the bond sale or coupon payment and tax on remaining securities is paid on the day of payment of corporate tax.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

4. 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 according to article 11 of Corporate Tax Law in means of corporate tax.

XXII. Additional Information on Borrowings

The Parent Bank and its consolidated companies, whenever required, generates funds from individuals and institutions residing domestically and abroad by approaching the borrowing instruments in the form of syndication, securitization, collateralized borrowing and issue of bonds/bills. Such transactions are at first carried at acquisition cost, and in the following periods they are valued at amortized cost measured by using the effective interest rate method.

Part of the bills issued by the Group with fixed interest and a part of its liabilities with fixed interest are subject to fair value hedge accounting. While the rediscounted credit risk and accumulated interest amount subject to hedging liability are recognized in "Interest Expenses" under profit/loss statement; net amount resulted of the hedge accounting other than the credit risk and accumulated interest amount are recognized in "Derivative Financial Transactions Gains/Losses" under profit/loss statement by using fair value model. In the balance sheet, these valuations are presented with the related liabilities.

XXIII. Information on Equity Shares and Their Issuance

Share issuance related to costs is recognized as expenses.

Dividend income related with the equity shares are determined by the General Assembly of the Shareholders.

Weighted average number of shares outstanding is taken into account in the calculation of earnings per share. In case the number of shares increases by way of bonus issues as a result of the capital increases made by using the internal sources, the calculation of earnings per share is made by adjusting the weighted average number of shares, which were previously calculated as at the comparable periods.

The adjustment means that the number of shares used in calculation is taken into consideration as if the bonus issue occurred at the beginning of the comparable period. In case such changes in the number of shares occur after the balance sheet date, but before the ratification of the financial statements to be published, the calculation of earnings per share are based on the number of new shares. The Parent Bank's earnings per share calculations taking place in the consolidated profit/loss statement are as follows.

	Current Period	Prior Period
Group's net profit	61,598,670	13,541,060
Weighted average number of shares (thousands)	250,002,250	250,002,250
Earnings per share – (in exact TL)	0.246392462	0.054163753

XXIV. Bank Acceptances and Bills of Guarantee

Bill guarantees and acceptances are realized simultaneously with the customer payments and they are presented as possible liabilities and commitments in the off-balance sheet accounts.

XXV. Government Incentives

There are no government incentives utilized by the Bank or the companies included in consolidation, during the current or prior accounting periods.

XXVI. Segment Reporting

Business segment is the part of an enterprise.

- which conducts business operations where it can gain revenues and make expenditures (including the revenues and expenses related to the transactions made with the other parts of the enterprise).
- whose operating results are regularly monitored by the authorities with the power to make decisions related to the operations of the enterprise in order to make decisions related to the funds to be allocated to the segment and to evaluate the performance of the segment and
- which has its separate financial information.

Information on business segmentation and related information is explained in Section IV Footnote VIII.

XXVII. Other Disclosures

None.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

SECTION FOUR: INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

1. Explanations on Shareholders' Equity:

1. Explanations on Consolidated Shareholders' Equity

The Bank's consolidated capital adequacy ratio is 21.84%. (31.12.2021: 18.69%). The capital adequacy standard ratio has been calculated based on the Regulation on Shareholder's Equity of Banks, the Regulation on Measurement and Assessment of Capital Adequacy of Bank and other legal regulations related with BRSA decisions dated 21.12.2021, numbered 9996 and dated 28.04.2022, numbered 10188. Within the scope of the BRSA decisions, the amount subject to credit risk has been calculated by using the CBRT exchange rates as of 31.12.2021, and the shareholders' equity has been calculated without taking into account the negative effects of financial assets in the portfolio of "Financial Assets Through Other Comprehensive Income" as of 21.12.2021.

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	11,615,938	6,115,938
Share Premium	138,551	143,633
Legal Reserves	58,096,893	50,721,897
Other Comprehensive Income According to TAS	68,326,750	23,224,481
Profit	61,471,023	13,502,913
Net Current Period Profit	61,598,670	13,541,060
Prior Period Profit	(127,647)	(38,147)
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	(1,117)	(1,117)
Minority Shares	3,350,917	2,286,331
Common Equity Tier I Capital Before Deductions	202,998,955	95,994,076
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9, (i) of the Regulation on Bank Capital		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS	2,921,913	1,144,288
Leasehold improvements on operational leases	138,681	89,996
Goodwill Netted with Deferred Tax Liabilities	27,994	27,994
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	3,739,302	1,965,525
Remaining after deducting from the related deferred tax liability with the deferred tax asset based on future taxable income, except for deferred tax assets based on temporary differences		
Differences Arise When Assets and Liabilities Not Held at Fair Value, are Subjected to Cash Flow Hedge Accounting		
Total Credit Losses That Exceed Total Expected Loss Calculated According to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach		
Securitization Gains		
Unrealized Gains and Losses from Changes in Bank's Liabilities' Fair Values due to Changes in Creditworthiness		
Net Amount of Defined Benefit Plans		
Direct and Indirect Investments of the Bank on its own Tier 1 Capital	548,624	551,575
Shares Obtained against Article 56, Paragraph 4 of the Banking Law		
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns more than %10 % of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Mortgage Servicing Rights (amount above 10% threshold of above Tier I capital)		
Deferred Tax Assets Arising from Temporary Differences (amount above 10% threshold of above Tier I Capital)		
Amount Exceeding the 15% Threshold of Tier 1 Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks		
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital		
Excess Amount arising from Mortgage Servicing Rights		
Excess Amount arising from Deferred Tax Assets from Temporary Differences		
Other Items to be Defined by the BRSA		
Deductions from Tier I Capital in Cases where there are no Adequate Additional Tier I or Tier II Capitals		

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

	Current Period	Prior Period
Total Deductions from Common Equity Tier 1		
Total Common Equity Tier I capital	7,376,514	3,779,378
ADDITIONAL TIER I CAPITAL	195,622,441	92,214,698
Privileged stocks not included in common equity and share premiums		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		
Shares of Third Parties in Additional Tier I Capital	2,931,155	1,586,764
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)		
Additional Tier I Capital before Deductions	2,931,155	1,586,764
Deductions from Additional Tier 1 Capital		
Direct and Indirect Investments of the Bank on its own Additional Core Capital		
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital		
Other items to be defined by the BRSA		
Items to be Deducted from Tier 1 Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier 1 Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		
Net Deferred Tax Asset/Liability not deducted from Tier 1 Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		
Deduction from Additional Tier 1 Capital when there is not enough Tier II Capital (-)		
Total Deductions from Additional Tier I Capital		
Total Additional Tier I Capital	2,931,155	1,586,764
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	198,553,596	93,801,462
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	25,342,500	22,518,677
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		1,046,800
Shares of Third Parties in Additional Tier I Capital	1,418,336	884,387
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)		
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	12,249,588	7,483,983
Tier II Capital before Regulatory Adjustments	39,010,424	31,933,847
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)		
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)		
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital		
Other items to be Defined by the BRSA (-)		
Total Deductions from Tier II Capital		
Total Tier II Capital	39,010,424	31,933,847
Total Equity (Total Tier I and Tier II Capital)	237,564,020	125,735,309
Deductions from Total Equity		
2,650	1,274	
Loans Granted against the Articles 50 and 51 of the Banking Law	2,650	1,194
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years		
Other items to be Defined by the BRSA		80

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

	Current Period	Prior Period
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) during the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation		
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation		
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	237,561,370	125,734,035
Total Risk Weighted Assets	1,087,995,231	672,862,034
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	17.98	13.71
Consolidated Tier I Capital Ratio (%)	18.25	13.94
Consolidated Capital Adequacy Ratio (%)	21.84	18.69
BUFFERS		
Total Additional Common Equity Requirement Ratio (a+b+c)	4.060	4.060
a) Capital Conservation Buffer Ratio (%)	2.500	2.500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.060	0.060
c) Systemic Bank Buffer Ratio (%)	1.500	1.500
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	12.25	7.94
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital		
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	385.225	280.196
Remaining Mortgage Servicing Rights		
Net Deferred Tax Assets arising from Temporary Differences	974,110	3,118,976
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty-five per ten thousand)	20,463,080	17,706,672
General Loan Provisions for Exposures in Standard Approach Limited by 1,25% of Risk Weighted Assets	12,249,588	7,483,983
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach		
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets		
Debt Instruments Covered by Temporary Article 4 (effective between January 1, 2018 - January 1, 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4		
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit		
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4		1,046,800
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit		17,272,200

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

2. Information on instruments to be included in the consolidated capital calculation:

Issuer	Türkiye İş Bankası A.Ş.		
Unique identifier (CUSIP, ISIN etc.)	US900151AF84-XS1003016018	US90016BAF58-XS1623796072	XS2106022754
Governing law(s) of the instrument	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks' Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks' Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks' Equity.
Taking into account in equity calculation			
Subject to 10% deduction as of 01.01.2015	No	No	No
Eligible at unconsolidated / consolidated	Unconsolidated -Consolidated	Unconsolidated -Consolidated	Unconsolidated -Consolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond
Amount recognized in regulatory capital (Currency in mil. as of most recent reporting date)		9,325	13,988
Par value of instrument (Expressed in million TL)	7,460	9,325	13,988
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	10.12.2013	29.06.2017	22.01.2020
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 Years	11 Years	10 Years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	The Bank; (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.	The Bank has the option to repay all of the related bonds on June 29, 2023 provided that subject to having obtained the prior approval of the BRSA. The Bank; (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.	The Bank has the option to repay all of the related bonds on January 22, 2025 provided that subject to having obtained the prior approval of the BRSA. The Bank; (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.
Subsequent call dates, if applicable	None	None	None
Coupons / dividends			
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
Coupon rate and any related index	7.85 %	7 %	7.75 %
Existence of a dividend stopper	None	None	None
Fully discretionary, partially discretionary or mandatory	None	None	None
Existence of step up or other incentive to redeem	None	None	None
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

Convertible or non-convertible	None	None	None
If convertible, conversion trigger (s)			
If convertible, fully or partially			
If convertible, conversion rate			
If convertible, mandatory or optional conversion			
If convertible, specify instrument type convertible into			
If convertible, specify issuer of instrument it converts into			
Write-down feature	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.	In accordance with Regulations on Equities of Banks.Article 8.2.ğ bonds have deleted option from records.	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.
If write-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable).	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable)
If write-down, full or partial	Partially or completely	Partially or completely	Partially or completely
If write-down, permanent or temporary	Permanent	Permanent	Permanent
If temporary write-down, description of write-up mechanism			
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.
Incompliance with article number 7 and 8 of "Own fund regulation"	Yes.	Yes.	Yes.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	To vest conditions stated in clause of the Article 8 and don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and don't vest the conditions stated in clause of the Article 7.

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

Issuer	Türkiye İş Bankası A.Ş.		
Unique identifier (CUSIP, ISIN etc.)	TRSTISB72712	TRSTISB62911	TRSTISB92918
Governing law(s) of the instrument	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.
Taking into account in equity calculation			
Subject to 10% deduction as of 01.01.2015	No	No.	No.
Eligible at unconsolidated / consolidated	Unconsolidated – Consolidated	Unconsolidated - Consolidated	Unconsolidated - Consolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting data)	880	800	350
Nominal value of instrument (TL Million)	1,100	800	350
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	08.08.2017	19.06.2019	26.09.2019
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 Years	10 Years	10 Years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity
Subsequent call dates, if applicable	None.	None.	None.
Interest/Dividend Payment			
Fixed or floating coupon/dividend payments	Floating	Floating	Floating
Coupon rate and any related index	Government Debt Security for 5 years+350 base points	Turkish Lira Overnight Reference Interest Rate (TLREF) + 193 base points	Government Debt Security for 5 years + 350 base points
Existence of a dividend stopper	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	None.	None.	None.
Existence of step up or other incentive to redeem	None.	None.	None.
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible into equity shares	None.	None.	None.
If convertible, conversion trigger (s)			
If convertible, fully or partially			
If convertible, conversion rate			

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

If convertible, mandatory or optional conversion			
If convertible, specify instrument type convertible into			
If convertible, specify issuer of instrument it converts into			
Write-down feature	In accordance with Regulations on Equities of Banks, Article 8.2.ğ, bonds have deleted option from records.	In accordance with Regulations on Equities of Banks, Article 8.2.ğ, bonds have deleted option from records.	In accordance with Regulations on Equities of Banks, Article 8.2.ğ, bonds have deleted option from records.
If write-down, write-down trigger(s)	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.
If bond can be written-down, full or partially	Partially or Completely	Partially or Completely	Partially or Completely
If bond can be written-down, permanent or temporary	Permanent	Permanent	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)	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.
Incompliance with article number 7 and 8 of Regulation on Bank Capital	Yes.	Yes.	Yes.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	To vest conditions stated in clause of the Article 8 and don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and don't vest the conditions stated in clause of the Article 7.

3. Explanations on Reconciliations of Amounts in the Consolidated Capital Items Table and Carrying Amounts in the Consolidated Financial Statements:

	Carrying Amount	Amounts in Equity
Calculation (1)	210.052.693	203.896.226
Shareholders' Equity	210,052,693	203,896,226
Group Share	191,250,928	196,195,818
Minority Interest	18,801,765	7,700,408
Leasehold improvements on operational leases	138,681	(138,681)
Goodwill and intangible assets	4,079,813	(3,767,296)
Provisions	20,463,080	12,249,588
Subordinated debt	33,558,745	25,342,500
Deductions from shareholders' equity	20,967	(20,967)
Capital		237,561,370

(1) The related amounts are calculated in accordance with "Regulation on Equities of Banks". In this context, part of the expected credit loss of stage 1 and stage 2 up to 1.25 % of amount subject to credit risk, part; subordinated loans according to fourth article of the regulation, have been taken into consideration in equity calculation. On the other hand, in the calculation, the amount of equity calculated in accordance with the regulation dated 21.12.2021 and numbered 9996 of the BRSA and the amount based on the credit risk calculated in accordance with the regulation dated 28.04.2022 and numbered 10188.

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

II. Explanations on Credit Risk

1. Credit risk is defined as the possibility of incurring loss where the counterparty in a transaction, partially or completely fails to meet its contractual obligations in due time in an agreement with the Bank and its consolidated financial subsidiaries.

Banks and financial institutions subject to consolidation, carry out their placement activities in accordance with the credit limitations stipulated by legal regulations of the countries in which they operate.

The Parent Bank's position against the credit risk limits defined by the current legislation is monitored by the Board. Within this framework, loans extended to Risk Groups and the Parent Bank's Risk Group, including the Parent Bank; loans in high amounts and limitations regarding the shares in participations are monitored according to the limits determined in connection with the size of the shareholders' equity calculated on a bank-only and consolidated basis.

Credit risk limits of customers are determined depending on the financial situation and loan requirements of the borrowers, in strict compliance with the relevant banking legislation, within the framework of loan authorization limits of Branches, Regional Offices, Loan Divisions, and the Deputy Chief Executives responsible for loans, the CEO, the Credit Committee and the Board of Directors. These limits may be changed as may be deemed necessary by the Bank. Moreover, all commercial credit limits are revised periodically, provided that each period does not exceed a year. Furthermore, the borrowers and borrower groups forming a large proportion of the overall placement are subject to risk limits in order to provide further minimization of potential risk.

The geographical distribution of borrowers is consistent with the concentration of industrial and commercial activities in Turkey.

The distribution of borrowers by sector is monitored closely for each period and sectoral risk limits have been determined to prevent concentration of risk in sectoral sense.

The creditworthiness of customers is monitored on a consistent basis by using company rating and scoring models specially developed for this purpose, and the audit of statements of account received is assured to have been made in accordance with the provisions as stipulated by the relevant legislation

The Parent Bank and its financial affiliates give utmost importance to ensure that loans are furnished with collaterals. In accordance with the credit risk policy, the allocation decision is not based on the assumption that the collateral can be collected by redeeming it in principle. However, to minimize the credit risk, an appropriate level of collateral is obtained by accurately analyzing the credit worthiness and credit need of the customer. Legal recourse of collaterals in case of default, their redemption period, and their ability to maintain their expected value are taken into account from the beginning of the loan allocation process. Most of the loans extended are collateralized by taking real estate, movable or commercial enterprise under pledge, promissory notes and other liquid assets as collateral, or by acceptance of bank letters of guarantee and individual or corporate guarantees. The absence of concentration in terms of collateral is an important element of the credit policy.

Non-performing and impaired loans have been classified in accordance with the "TFRS 9-Financial Instruments" and BRSA's "Regulation on Procedures and Principles for Classification of Loans and Provisions to be set aside". The detailed descriptions of these methods correspond with accounting practices, are included in Section Three Note VIII.

Credit risk is the risk reduction effects without taking into consideration the total amount of exposures after offsetting transactions with different risk classes according to the types and amounts of disaggregated risks are listed below the average for the period.

Amount subject to credit risk (1)	Current Period Risk Amount	Average Risk Amount (2)
Risk Classifications		
Conditional and Unconditional Exposures to Central Governments or Central Banks	451,227,825	396,384,082
Conditional and Unconditional Exposures to Regional Governments or Local Authorities	192,167	256,564
Conditional and Unconditional Exposures to Administrative Bodies and Non-Commercial Undertakings	165,994	221,724
Conditional and Unconditional Exposures to Multilateral Development Banks	779,142	569,814
Conditional and Unconditional Exposures to International Organizations		
Conditional and Unconditional Exposures to Banks and Brokerage Houses	81,826,562	78,392,969
Conditional and Unconditional Exposures to Corporate	539,617,731	498,585,963
Conditional and Unconditional Retail Exposures	265,426,197	211,469,337
Exposures Secured by Residential Real Estate Property	34,914,768	29,389,949
Exposures Secured by Commercial Real Estate Property	32,987,925	31,306,379
Past Due Loans	6,344,324	6,839,938
Items in Regulatory High-risk Categories	92,625,822	61,667,994
Exposures in the Form of Bonds Secured by Mortgages		
Short Term Exposures to Banks, Brokerage Houses and Corporates		
Exposures in the Form of Collective Investment Undertakings	9,051,377	5,944,426
Stock Investments	88,264,935	58,741,070
Other Items	44,442,556	33,631,821

(1) The figures represent total risk amounts after credit risk mitigation and after credit conversion factor.
(2) Average risk amount is identified by using arithmetical averages of risk amounts calculated quarterly in the current period reports.

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

2. There are certain control limits on forward transactions in terms of counter parties, and the risks taken for derivative instruments are evaluated along with other potential risks resulting from the market fluctuations.

3. As a result of the current level of customers’ needs and the progress in the domestic derivatives market in this particular area, the Parent Bank uses derivative transactions either for hedging or for commercial purposes.

Derivative instruments are monitored with consideration that they can always be liquidated in case of need.

4. Indemnified non-cash loans are considered as having the same risk weights as unpaid cash loans.

The rating and scoring systems applied by the Parent Bank, includes detailed company analysis and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system. Specialized loans are evaluated by a special rating system, which is based on the credibility of the counterparty as well as the feasibility and risk analysis of the cash flows created mainly by the projects undertaken or the asset financed.

5. Determining the country risks of the countries concerned in the context of the current rating system credit transactions carried out abroad, market conditions, legal constraints and risks related to the country on this issue into account. In addition, banks and other financial institutions credit worthiness abroad, foreign rating agencies by based on credit ratings that are determined and CDS-IR (based on credit default swaps) a supported developed degree approach is allocated and monitored.

- 6.
- (i) The share of the Group's receivables from the top 100 and 200 cash loan customers in the overall cash loan portfolio stands at 27% and 36% respectively (December 31, 2021: 30%, 39%).
 - (ii) The share of the Group's receivables from the top 100 and 200 non-cash loan customers in the overall non-cash portfolio stands at 42% and 54% respectively (December 31, 2021: 46%, 58%).
 - (iii) The share of the Group's cash and non-cash receivables from the top 100 and 200 credit customers in the overall assets and non-cash loans stands at 14% and 19% (December 31, 2021: 16%, 22%).

Companies that are among the top loan customers ranked according to cash, non-cash and total risks are leaders in their own sectors, the loans advanced to them are in line with their volume of industrial and commercial activity. A significant part of such loans is extended on a project basis, with their repayment sources being analyzed in accordance with the banking principles to be considered as satisfactory, and associated risks are determined and duly covered by obtaining appropriate guarantees when deemed necessary.

7. Total value of the Stage 1 and Stage 2 expected credit loss allocated for the credit risk carried by Parent Bank and consodilated companies is TL 16,926,688 (December 31, 2020: TL 11,659,777).

8. The Parent Bank measures the quality of its loan portfolio by applying different rating/scoring models on cash commercial/corporate loans, retail loans and credit cards. The breakdown of the rating/scoring results, which are classified as “Strong”, “Standard” and “Below Standard” by considering their default features, is shown below.

The loans whose borrowers’ capacity to fulfill their obligations is very good, are defined as “Strong”, whose borrowers’ capacity to fulfill its obligations in due time is reasonable, are defined as “Standard” and whose borrowers’ capacity to fulfill their obligations is poor, are defined as “Below Standard”.

	Current Period	Prior Period
Strong	50.00%	45.06%
Standard	44.71%	49.68%
Below Standard	5.29%	5.26%

Table shows rating/scoring results.

9. The net values of the collaterals of the Group's closely monitored loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period			Prior Period		
	Personal	Commercial and Corporate	Credit Cards	Personal	Commercial and Corporate	Credit Cards
Real Estate Mortgage (1)	1,417,099	13,961,519		1,091,254	12,261,832	
Cash Collateral (Cash, securities pledge, etc.)	48,410	571,392		50,628	544,608	
Pledge on Wages and Vehicles	3,092,378	369,527		2,344,742	345,122	
Cheques & Notes		70,586			13,667	
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	456,308	38,558,904		450,396	36,912,380	
Non-collateralized	7,040,513	12,221,280	3,941,709	3,411,799	9,047,472	2,206,344
Total	12,054,708	65,753,208	3,941,709	7,348,819	59,125,081	2,206,344

(1) The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports; and after comparing the results to the mortgage/pledge amounts and loan balances, the smallest figures are considered to be the net value of collaterals.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

10. The net values of the collaterals of the Group's non-performing loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period		Prior Period	
	Net Value of the Collateral	Loan Balance	Net Value of the Collateral	Loan Balance
Real Estate Mortgage (1)	6,507,435	6,507,435	6,516,872	6,516,872
Cash Collateral	1,884	1,884	1,523	1,523
Vehicle Pledge	257,315	257,315	274,128	274,128
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	9,965,770	9,965,770	8,598,774	8,598,774

(1) The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports; and after comparing the results to the mortgage/pledge amounts and loan balances, the smallest figures are considered to be the net value of collaterals.

11. The aging analysis of the recievables past due but not impaired in terms of financial asset classes, is as follows:

Current Period	31-60 Days (2)	61-90 Days (2)	Total
Loans (1)	855,693	496,431	1,352,124
Corporate / Commercial Loans (3)	173,399	184,153	357,552
Consumer Loans	229,354	128,202	357,556
Credit Cards	452,940	184,076	637,016
Lease Receivables (1)	70,092	53,594	123,686
Insurance Receivables	35,541	31,006	66,547
Total	961,326	581,031	1,542,357

(1) The loans classified under close monitoring that are not past due or past due for less than 31 days is TL 77,377,390.

(2) Related figures show only overdue amounts of installment based commercial loans and installment-based consumer loans; the principal amounts of the loans which are not due as of the balance sheet date are equal to TL 980,910 and TL 1,915,515 respectively.

(3) Includes factoring receivables.

Prior Period	31-60 Days (2)	61-90 Days (2)	Total
Loans (1)	669,979	964,455	1,634,434
Corporate / Commercial Loans (3)	120,934	689,981	810,915
Consumer Loans	155,926	70,167	226,093
Credit Cards	393,119	204,307	597,426
Lease Receivables (1)	2,996	92,609	95,605
Insurance Receivables	35,737	18,038	53,775
Total	708,712	1,075,102	1,783,814

(1) The loans classified under close monitoring that are not past due or past due for less than 31 days is TL 63,984,188.

(2) Related figures show only overdue amounts of installment based commercial loans and installment-based consumer loans; the principal amounts of the loans which are not due as of the balance sheet date are equal to TL 1,572,925 and TL 1,393,092 respectively.

(3) Includes factoring receivables

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12. Profile of Significant Risk Exposures in Major Regions

Current Period	Domestic	European Union	OECD Countries (2)	Off-Shore Banking Regions	USA, Canada	Other Countries	Investments in Associates, Subsidiaries and Jointly Controlled Entities	Unallocated Assets/Liabilities (3)	Total
Risk Groups (1)									
Receivables from Central Governments or Central Banks	437,104,238	4,009,835			1,136,971	8,976,781			451,227,825
Receivables from Regional Government or Domestic Government	192,141					26			192,167
Receivables from Administrative Units and Non-Commercial Enterprises	165,859					135			165,994
Receivables from Multilateral Development Banks		657,915	121,227						779,142
Receivables from International Organizations									
Receivables from Banks and Intermediaries	45,976,674	19,005,741	11,164,932	5,730	2,531,125	3,142,360			81,826,562
Corporate Receivables	513,925,870	6,007,066	5,226,167	1,802,060	358,182	12,298,386			539,617,731
Retail Receivables	262,831,684	436,757	221,429	2,824	73,375	1,860,128			265,426,197
Receivables Secured by Residential Property	66,636,467	246,958	58,801	3,294	65,415	891,758			67,902,693
Non-Performing Receivables	6,203,804	122,606	4,759	1	1,917	11,237			6,344,324
Receivables are identified as high risk by the Board	91,559,085	209,372	34,256	437	18,387	804,285			92,625,822
Secured Marketable Securities									
Short-term Receivables and Short-term Corporate Receivables from Banks and Intermediaries									
Investments as Collective Investment Institutions	9,051,377								9,051,377
Other Receivables	88,033,703	119,358	10,484		976	100,414			88,264,935
Stock Investments							44,442,556		44,442,556
Total	1,521,680,902	30,815,608	16,842,055	1,814,346	4,186,348	28,085,510	44,442,556		1,647,867,325

(1) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(2) OECD Countries other than EU countries, USA and Canada.

(3) Assets and liabilities that are not consistently allocated.

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for the Year Ended December 31, 2022

Prior Period	Domestic	European Union	OECD Countries (2)	Off-Shore Banking Regions	USA, Canada	Other Countries	Investments in Associates, Subsidiaries and Jointly Controlled Entities	Unallocated Assets/Liabilities (3)	Total
Risk Groups (1)									
Receivables from Central Governments or Central Banks	279,429,592	3,418,735			1,136,972	3,909,363			287,894,662
Receivables from Regional Government or Domestic Government	343,323					28			343,351
Receivables from Administrative Units and Non-Commercial Enterprises	593,628	10,452				74			604,154
Receivables from Multilateral Development Banks			341,632			22,291			363,923
Receivables from International Organizations									
Receivables from Banks and Intermediaries	24,705,086	19,110,911	10,029,676	1,405	5,045,838	1,767,373			60,660,289
Corporate Receivables	359,817,099	4,240,863	4,547,213	678,401	577,216	9,653,672			379,514,464
Retail Receivables	169,270,774	260,917	143,745	1,545	37,789	1,546,299			171,261,069
Receivables Secured by Residential Property	52,329,727	212,708	45,683	85	34,547	653,554			53,276,304
Non-Performing Receivables	7,577,907	157,363	4,358		1,349	32,721			7,773,698
Receivables are identified as high risk by the Board	23,489,023	92,613	12,713	1,377	13,994	267,888			23,877,608
Secured Marketable Securities									
Short-term Receivables and Short-term Corporate Receivables from Banks and Intermediaries									
Investments as Collective Investment Institutions	2,683,178								2,683,178
Other Receivables	37,697,899	124,282	456,265		603	85,235			38,364,284
Stock Investments							23,010,720		23,010,720
Total	957,937,236	27,628,844	15,581,285	682,813	6,848,308	17,938,498	23,010,720		1,049,627,704

(1) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(2) OECD Countries other than EU countries, USA and Canada.

(3) Assets and liabilities that are not consistently allocated.

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13. Risk Profile by Sectors or Counterparties:

Current Period									Current Period									
Consolidated									Consolidated									
	(1) (**)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	(11)	(12)	(13)	(14)	TL	FC	Total
Sectors/Counterparty (*)																		
Agriculture	93,906		548				4,317,552	8,727,370		1,075,738	31,312	554,570				12,284,767	2,516,229	14,800,996
Farming and Stockbreeding	74,933		509				2,670,615	8,622,333		996,712	29,995	526,825				12,058,260	863,662	12,921,922
Forestry	6,232		39				60,752	49,604		7,850	56	2,955				125,500	1,988	127,488
Fishing	12,741						1,586,185	55,433		71,176	1,261	24,790				101,007	1,650,579	1,751,586
Industry	3,825,286	4,736	684				255,018,678	16,807,779		11,013,641	3,060,991	11,199,334			38,975,666	186,638,614	153,268,181	339,906,795
Mining	114,809						8,991,229	402,755		215,983	33,347	597,064				3,738,014	6,617,173	10,355,187
Production	3,707,496						165,898,698	16,043,915		10,478,706	611,333	8,270,758			38,975,666	166,509,633	77,476,939	243,986,572
Electricity, gas, and water	2,981	4,736	684				80,128,751	361,109		318,952	2,416,311	2,331,512				16,390,967	69,174,069	85,565,036
Construction	1,166,280		2,590				45,233,394	8,520,505		5,973,513	727,692	2,684,460				30,771,930	33,536,504	64,308,434
Services	170,342,226		152,193	779,142		81,772,789	195,998,461	71,671,784		29,250,888	1,170,425	18,684,209	7,096,580	2,080,173	4,246,779	243,744,023	339,501,626	583,245,649
Wholesale and Retail Trade	1,698,675						79,313,118	41,758,661		15,032,527	414,948	11,838,937			155,804	110,163,400	40,049,270	150,212,670
Hotel, Food and Beverage Services	250,673						10,351,450	3,888,329		3,590,014	238,079	634,169				9,688,043	9,264,671	18,952,714
Transportation and Telecommunication	5,883,279						47,480,801	17,262,286		3,465,426	383,812	2,509,097			117,093	32,635,752	44,466,042	77,101,794
Financial Institutions	162,271,082		1	779,142		81,772,789	34,149,134	1,650,773		629,948	1,582	665,112	7,096,580	2,080,173	3,973,882	71,848,130	223,222,068	295,070,198
Real Estate and Renting Services	23,874		53,777				9,180,663	2,612,080		4,083,656	69,464	1,742,612				9,683,161	8,082,965	17,766,126
Self-Employment Services	59,116		94,443				1,417,444	1,668,724		511,512	50,185	407,104				3,247,464	961,064	4,208,528
Education Services	32,985		3,266				1,144,398	622,355		1,098,580	4,865	394,238				1,812,697	1,487,990	3,300,687
Health and Social Services	122,542		706				12,961,453	2,208,576		839,225	7,490	492,940				4,665,376	11,967,556	16,632,932
Other	275,800,127	187,431	9,979			53,773	39,049,646	159,698,759		20,588,913	1,353,904	59,503,249	1,954,797	86,184,762	1,220,111	581,093,039	64,512,412	645,605,451
Total	451,227,825	192,167	165,994	779,142		81,826,562	539,617,731	265,426,197		67,902,693	6,344,324	92,625,822	9,051,377	88,264,935	44,442,556	1,054,532,373	593,334,952	1,647,867,325

(1) Receivables from Central Governments or Central Banks

(2) Receivables from Regional Governments or Local Authorities

(3) Receivables from Administrative Bodies and Non-commercial Undertakings

(4) Receivables from Multilateral Development Banks

(5) Receivables from International Organizations

(6) Receivables from Banks and Brokerage Houses

(7) Receivables from Corporate Receivables

(8) Receivables from Retail Receivables

(9) Receivables from Secured by Real Estate Property

(10) Past due receivables

(11) Receivables in regulatory high-risk categories

(12) Investments in the nature of collective investment enterprise

(13) Other Receivables.

(14) Stock Investments.

(*) Risk amounts after the credit conversions and the effects of credit risk mitigation

(**) Credit Guarantee Fund guaranteed by the undersecretariat of treasury are included in the receivables from central governments.

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14. Analysis of maturity-bearing exposures according to remaining maturities:

	Current Period					
	Remaining Maturities					
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Total
Risk Groups (1)						
Receivables from Central Governments or Central Banks	20,908,630	7,621,802	7,994,514	15,707,658	202,582,657	254,815,261
Receivables from Regional Governments or Domestic Governments	1,518	4,127	28,719	16,047	141,753	192,164
Receivables from Administrative Units and Non-Commercial Enterprises	6,228	3,365	10,841	1,833	93,183	115,450
The multilateral development banks and non-contingent receivables	555,476	13,487	36,309	171,850		777,122
Receivables from Banks and Intermediaries	43,550,130	8,055,535	6,079,379	1,365,919	6,349,794	65,400,757
Corporate Receivables	62,891,194	68,222,367	78,813,656	66,991,109	252,985,763	529,904,089
Retail Receivables	84,130,312	3,669,684	7,384,229	26,171,353	58,068,129	179,423,707
Collateralized Receivables with Real Estate Mortgages	6,807,665	1,979,415	3,717,384	8,148,099	42,618,363	63,270,926
Receivables are identified as High Risk by the Board	5,352,329	6,806,407	11,146,787	13,757,131	55,417,773	92,480,427
Total	224,203,482	96,376,189	115,211,818	132,330,999	618,257,415	1,186,379,903

(1) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

15. Information on Risk Classes:

In the calculation of the amount subject to credit risk, determining the risk weights related to risk classes stated on the article "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", is based on the Fitch Ratings' and JCR Avrasya Derecelendirme A.Ş. international rating.

"Receivables from Banks and Intermediaries" are receivables from related parties residing in foreign countries against the risk evaluated in class with "Receivables from Central Governments or Central Banks" are receivables that are evaluated in the class will be the subject of risk weights determined in accordance with Fitch Ratings issued by the rating of the risk. "Receivables from Banks and Intermediaries" in the class with resident banks and brokerage firms in the dorm evaluated risk "Corporate Receivables" in the class evaluated dorm resident companies and financial institutions in the TL-denominated receivables, the risk weights that will be the subject of JCR Avrasya Derecelendirme A.Ş. international rating grades assigned by it are used.

If a receivable-specific rating is performed, risk weights to be applied on the receivable are determined by the relevant credit rating.

The table related to mapping the ratings used in the calculations and credit quality grades, which is stated in the Annex of Regulation on Measurement and Evaluation of Capital Adequacy of Banks, is given below:

Credit Quality Grades	1	2	3	4	5	6
Risk Rating	AAA via AA-	A+ via A-	BBB+ via BBB-	BB+ via BB-	B+ via B-	CCC+ and lower

Risk Amounts according to Risk Weights:

Risk Weight	0%	20%	35%	50%	75%	100%	150%	250%	Other	Mitigation in Shareholders' Equity
Amount Before Credit Risk Mitigation (1)	518,653,850	104,139,408	35,026,240	103,532,942	174,789,442	629,416,463	61,200,551	385,225	38,736,580	3,905,977
Amount After Credit Risk Mitigation	531,929,037	102,489,634	34,914,768	102,807,950	169,278,670	606,445,362	60,880,099	385,225	38,736,580	3,905,977

(1) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

16. Miscellaneous Information According to Type of Counterparty of Major Sectors

Significant Sectors/Counterparty	Loans		Provisions
	Depreciated (TFRS 9)		Expected Credit Loss (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Non-Performing (Stage 3)	
1 Agricultural	663,441	148,819	182,123
1.1 Farming and Raising Livestock	538,527	137,567	157,807
1.2 Forestry	2,447	877	1,100
1.3 Fishing	122,467	10,375	23,216
2 Industry	28,864,701	12,051,336	16,407,961
2.1 Mining	57,053	196,505	162,861
2.2 Production	8,309,606	2,281,964	3,400,474
2.3 Electricity, gas, and water	20,498,042	9,572,867	12,844,626
3 Construction	4,463,901	4,035,295	3,721,587
4 Services	31,148,829	6,845,823	10,550,405
4.1 Wholesale and Retail Trade	5,052,379	2,010,067	2,178,284
4.2 Hotel, Food and Beverage Services	6,194,339	686,120	900,425
4.3 Transportation and Telecommunication	7,006,805	1,841,693	2,852,176
4.4 Financial Institutions	96,492	83,729	25,987
4.5 Real Estate and Renting Services	6,749,205	1,956,824	3,356,954
4.6 Self-Employment Services	1,403,184	182,231	552,021
4.7 Education Services	78,011	34,211	36,171
4.8 Health and Social Services	4,568,414	50,948	648,387
5 Other	16,608,753	4,131,485	4,341,281
6 Total	81,749,625	27,212,758	35,203,357

17. Information on Value Adjustments and Change in Credit Provisions

	Beginning Balance	Provisions	Reversal of Provisions	Other Value Adjustments	Ending Balance
Stage 3 Provisions	15,898,604	14,229,253	(9,562,267)		20,565,590
Stage 1 and Stage 2 Provisions	16,926,688	16,266,440	(13,836,572)		19,356,556

18. Exposures Subject to Countercyclical Capital Buffer

Explanations about exposures subject to consolidated private sector receivables:

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Turkey	711,879,245	4,719,899	716,599,144
TRNC	5,860,718		5,860,718
England	4,801,700	492	4,802,192
Germany	3,033,620	1,696	3,035,316
Albania	1,910,228		1,910,228
Cayman Islands	1,801,937		1,801,937
Malta	1,523,732		1,523,732
Kosovo	1,517,770		1,517,770
Georgia	1,287,639		1,287,639
Iraq	1,268,420		1,268,420
Other	4,939,039	67,619	5,006,658

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III. Explanations on Currency Risk

The exposed currency risk of the Group is result of the difference between the assets denominated in and indexed to foreign currencies and liabilities denominated in foreign currencies. Furthermore, parity fluctuations of different foreign currencies are another element of the currency risk.

The currency risk of the Parent Bank is managed by the internal currency risk limits which are established as a part of the Parent Bank's risk policies. The Assets and Liabilities Committee and the Assets and Liabilities Management Unit meet regularly to take the necessary decisions for hedging exchange rate and parity risks, within the framework of the determined by the "Net Foreign Currency Overall Position/ Shareholders' Equity" ratio, which is a part of the legal limits requirement and the internal currency risk limits specified by the Board of Directors. Foreign exchange risk management decisions are strictly applied.

In measuring the exposed currency risk of the Group, the Standard Method, the Value at Risk Model (VAR) and Expected Shortfall Model are used as applied in the statutory reporting.

Measurements made for the Parent Bank within the scope of the Standard Method are carried out on a monthly basis and form the basis of determining the capital requirement for hedging currency risk.

Risk measurements made within the context of the VAR are practiced on a daily basis using the historical and Monte Carlo simulation methods. Scenario analyses are conducted to support the calculations made within the VAR context. Expected loss calculations are also carried out daily.

The results of the measurements made on currency risk are reported to the Key Management and the risks are closely monitored by taking into account the market and the economic conditions.

The Parent Bank's foreign currency purchase rates at the date of balance sheet and for the last five working days of the period announced by the Parent Bank in TL are as follows:

Date	USD	EUR
December 31, 2022	18.6500	19.9247
December 30, 2022	18.6500	19.9247
December 29, 2022	18.6150	19.8629
December 28, 2022	18.6031	19.7565
December 27, 2022	18.5821	19.7900
December 26, 2022	18.5344	19.7020

The Parent Bank's last 30-days arithmetical average foreign currency purchase rates:

USD: 18,5001 TL EURO: 19,6013 TL

Sensitivity to currency risk:

The Group's sensitivity to any potential change in foreign currency rates has been analyzed. Within this framework, 10% change is anticipated in USD, EUR, RUB and GEL currencies and the possible impact of the related change is presented below. 10% is the ratio that is used in the internal reporting of the Parent Bank.

	% Change in Foreign Currency	Effects on Profit/Loss (1)	
		Current Period	Priod Period
USD	10 % increase	875,154	416,075
	10 % decrease	(875,154)	(416,075)
EURO	10 % increase	969,497	471,624
	10 % decrease	(969,497)	(471,624)
RUB	10 % increase	368,974	155,517
	10 % decrease	(368,974)	(155,517)
GEL	10 % increase	170,580	84,092
	10 % decrease	(170,580)	(84,092)

(1) Indicates the values before tax.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

Information on currency risk:

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey (1)	59,015,579	88,221,144	32,890,577	180,127,300
Banks	12,136,851	9,224,403	10,445,874	31,807,128
Financial Assets at Fair Value through Profit/Loss (2)	3,052,881	10,631,762	8,846,315	22,530,958
Money Market Placements				
Financial Assets at Fair Value through Other Comprehensive Income	6,775,124	63,021,449	10,121	69,806,694
Loans (2) (3)	190,609,167	193,487,274	8,414,492	392,510,933
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	190,321			190,321
Financial Assets measured at Amortized Cost	2,138,078	10,794,897	2,711,201	15,644,176
Derivative Financial Assets Held for Risk Management (2)		138,162		138,162
Tangible Assets (2)	214,278	2,794	146,316	363,388
Intangible Assets (2)				
Other Assets (2)	2,502,024	11,122,208	1,984,561	15,608,793
Total Assets	276,634,303	386,644,093	65,449,457	728,727,853
Liabilities				
Bank Deposits	4,635,462	2,929,950	422,848	7,988,260
Foreign Currency Deposits (4)	182,137,536	276,372,336	105,120,711	563,630,583
Money Market Funds	586,948	12,771,070	104,263	13,462,281
Funds Provided from Other Financial Inst,	49,389,441	94,410,183	80,481	143,880,105
Marketable Securities Issued (5)		77,342,752	758,983	78,101,735
Miscellaneous Payables	3,328,297	9,799,690	1,153,723	14,281,710
Derivative Financial Liabilities Held for Risk Management		134,010		134,010
Other Liabilities (2) (6)	8,181,651	15,781,825	1,496,917	25,460,393
Total Liabilities	248,259,335	489,541,816	109,137,926	846,939,077
Net Balance Sheet Position	28.374.968	-102.897.723	-43.688.469	-118.211.224
Net Off Balance Sheet Position	-20.551.336	115.206.059	44.954.458	139.609.181
Derivative Financial Assets (7)	44.021.624	180.200.359	49.667.448	273.889.431
Derivative Financial Liabilities (7)	64.572.960	64.994.300	4.712.990	134.280.250
Non-Cash Loans	68.534.599	81.161.704	9.262.376	158.958.679
Prior Period				
Total Assets	258,292,181	292,085,026	45,057,884	595,435,091
Total Liabilities	214,594,131	393,606,930	77,543,134	685,744,195
Net Balance Sheet Position	43,698,050	(101,521,904)	(32,485,250)	(90,309,104)
Net Off Balance Sheet Position	(38,937,607)	107,856,716	34,162,909	103,082,018
Derivative Financial Assets	30,518,476	170,928,671	39,148,208	240,595,355
Derivative Financial Liabilities	69,456,083	63,071,955	4,985,299	137,513,337
Non-Cash Loans	63,318,833	81,181,608	8,702,425	153,202,866

(1) Precious metals accounts amounting TL 31,128,501 are included.

(2) In accordance with the principles of the "Regulation on the Calculation and Implementation of Foreign Currency Net General Position/Equity Standard Ratio by Banks on Consolidated and Non-Consolidated Basis", Derivative Financial Instruments Foreign Currency Income Accruals (TL 6,383,060) Operating Lease Development Costs (TL 6,957), Deferred Tax Asset (TL 10,425), Prepaid Expenses and Taxes (TL 400,1478, expected credit loss for stage 1 and stage 2 (TL (13,356,566) Intangible Assets (TL 199,443) Assets Held for Sale and Related to Discontinued Operations(Net)(TL 20,359) in assets and Derivative Financial Instruments Foreign Currency Expense Accruals (TL 2,155,543), Shareholders' Equity (TL (3,666,898)) and expected credit loss for stage 1 and stage 2 for non-cash loans (TL 170,537) are not taken into consideration in the currency risk measurement.

(3) Includes leasing and factoring receivables and foreign currency indexed loans which are recognized under TL account. Of the total amount of TL 1,882,112 of the aforementioned loans; TL 989,073 is USD indexed, TL 887,872 is EUR indexed, TL 401 is CHF indexed and TL 4,766 is GBP indexed.

(4) The item includes TL 74,492,798 precious metals deposit accounts.

(5) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

(6) The borrower funds are presented in the "Other Liabilities" according to their type of currency.

(7) The derivative transactions in the context of forward foreign currency options and foreign currency forwards definitions included in the Communiqué above are taken into consideration.

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IV. Explanations on Interest Rate Risk

Interest rate risk is defined as the impairment in the value of the interest sensitive assets, liabilities and off-balance sheet items due to interest rate fluctuations. A method which takes into consideration the effect of standard interest shocks on the economic values of the Parent Bank's on, and off-balance sheet interest sensitive accounts is used for measuring the interest rate risk arising from the banking accounts, whereas the interest rate risk related to interest sensitive financial instruments followed under trading accounts is assessed within the scope of market risk.

Potential effects of interest rate risk on the Parent Bank's assets and liabilities, market developments, the general economic environment and expectations are regularly followed in meetings of the Asset-Liability Management Committee, where further measures to reduce risk are taken when necessary.

The Parent Bank's on and off-balance sheet interest sensitive accounts other than the assets and liabilities exposed to market risk are monitored and controlled by the limits on the ratio of structural interest rate risk to equity and tier 1 capital determined by the Board within the scope of "Asset-Liability Management Risk Policy". Moreover, scenario analyses formed in line with the average maturity gaps and the historical data and expectations are also used in the management of the related risk.

In addition, the effect of the change in interest rates on the Parent Bank's net interest income is analyzed regularly. Within this scope, the ratio of the change expected to occur in net interest income under carious scenarios to the limit on Tier I capital is monitored and regularly reported to the top management.

Interest rate sensitivity:

In this part, the sensitivity of the Bank's assets and liabilities to the interest rates has been analyzed assuming that the yearend balance figures were the same throughout the year. Mentioned analysis shows how the FC and TL changes in interest rates by one point during the one-year period affect the Group's income accounts and shareholders' equity under the assumption maturity structure and balances are remain the same all year round at the end of the year.

During the measurement of the Group's interest rate sensitivity, the profit/loss on the asset and liability items that are evaluated with market value are determined by adding to/deducting from the difference between the expectancy value of the portfolio after one year in case there is no change in interest rates and the value of the portfolio one year later, which is measured after the interest shock, the interest income to be additionally earned/to be deprived of during the one year period due to the renewal or repricing of the related portfolio at the interest rates formed after the interest shock.

On the other hand, in the profit/loss calculation of assets and liabilities that are not evaluated by the current market prices, it is assumed that assets and liabilities with fixed interest rates will be renewed at maturity date and the assets and liabilities having variable interest rates will be renewed at the end of repricing period with the market interest rates generated after the interest shock.

Within this context, ceteris paribus, the possible changes that may occur in the Bank's profit and shareholders' equity in case of 100 base point increase/decrease in TL and FC interest rates on the reporting day are given below:

% Change in the Interest Rate (1)		Effect On Profit/Loss		Effect on Equity (2)	
TL	FC	Current Period	Prior Period	Current Period	Prior Period
100 bps increase	100 bps increase	1,008,028	977,167	(3,977,233)	(2,608,623)
100 bps decrease	100 bps decrease	(1,166,480)	(1,068,195)	4,308,848	2,871,166

(1) Changes in interest rates is calculated assuming that the expectations reflected in inflation. The effects on the profit/loss and shareholders' equity are stated with their before tax values.

(2) The effect on the shareholders' equity is arising from the change of the fair value of securities followed under Financial Assets at Fair Value through other comprehensive income.

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a. Interest sensitivity of assets, liabilities and off-balance sheet items (Based on time remaining to repricing date):

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	7,453,621					194,392,278	201,845,899
Banks	20,803,477	2,766,863	210,855			15,213,620	38,994,815
Financial Assets at Fair Value through Profit/Loss (1)	6,895,940	8,859,810	4,802,754	9,381,655	80,451	23,114,891	53,135,501
Money Market Placements	5,032,776	685,950	476,616				6,195,342
Financial Assets at Fair Value Through Other Comprehensive Income	45,203,231	27,170,040	46,089,905	44,113,918	37,416,879	2,131,604	202,125,577
Loans (2)	236,210,546	102,037,625	293,405,120	222,419,187	57,350,982	940,273	912,363,733
Financial Assets Measured at Cost	17,770,899	22,876,252	25,522,859	27,002,656	13,783,495		106,956,161
Other Assets (3)	13,105,004	153,130	287,067	221,470		180,047,870	193,814,541
Total Assets	352,475,494	164,549,670	370,795,176	303,138,886	108,631,807	415,840,536	1,715,431,569
Liabilities							
Bank Deposits	4,621,637	2,508,509	2,756,604	228,279		1,192,084	11,307,113
Other Deposits	366,805,419	100,178,746	39,502,856	3,446,087	884,470	430,511,241	941,328,819
Money Market Funds	44,232,857	5,347,374	1,648,534	11,391			51,240,156
Miscellaneous Payables	13,202,152	164,956	184,831	43,442		136,757,803	150,353,184
Marketable Securities Issued (4)	14,199,907	4,368,607	10,823,154	37,789,516	24,722,121		91,903,305
Funds Provided from Other Financial	45,719,157	65,261,065	35,110,948	7,629,899	2,260,530		155,981,599
Institutions	45,719,157	65,261,065	35,110,948	7,629,899	2,260,530		155,981,599
Other Liabilities (5) (6)	4,253,060	3,722,352	3,373,765	351,926	1,408,118	300,208,172	313,317,393
Total Liabilities	493,034,189	181,551,609	93,400,692	49,500,540	29,275,239	868,669,300	1,715,431,569
Balance Sheet Long Position			277,394,484	253,638,346	79,356,568		610,389,398
Balance Sheet Short Position	(140,558,695)	(17,001,939)				(452,828,764)	(610,389,398)
Off Balance Sheet Long Position	7,997,276	21,622,707					29,619,983
Off Balance Sheet Short Position			(6,956,126)	(10,009,441)	(7,856,740)		(24,822,307)
Total Position	(132,561,419)	4,620,768	270,438,358	243,628,905	71,499,828	(452,828,764)	4,797,676

(1) Includes Derivative financial assets

(2) Includes leasing and factoring receivables.

(3) The expected loss provisions are shown in non-Interest column.

(4) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

(5) Shareholders' equity is included in "non-interest bearing" column.

(6) The borrower funds are presented in "Up to 1 month" column in other liabilities.

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for the Year Ended December 31, 2022

Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on time remaining to repricing date):

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	14,634,682					169,386,543	184,021,225
Banks	7,522,586	1,446,001	159,067			26,067,588	35,195,242
Financial Assets at Fair Value through Profit/ Loss (1)	9,268,937	10,152,530	7,785,436	6,127,712	300,260	5,596,590	39,231,465
Money Market Placements	2,061,138	775,354	156,572				2,993,064
Financial Assets at Fair Value Through Other Comprehensive Income	21,648,338	19,425,001	17,779,889	26,013,946	23,874,084	1,202,401	109,943,659
Loans (2)	115,872,992	60,061,057	177,179,502	206,721,651	53,925,304	982,214	614,742,720
Financial Assets Measured at Cost	8,800,527	13,843,894	17,813,725	8,513,617	2,573,565		51,545,328
Other Assets (3)	5,055,341	76,608	236,851	149,824		81,212,746	86,731,370
Total Assets	184,864,541	105,780,445	221,111,042	247,526,750	80,673,213	284,448,082	1,124,404,073
Liabilities							
Bank Deposits	1,639,400	1,720,923	713,064	1,050,890		1,302,757	6,427,034
Other Deposits	255,680,706	36,249,663	24,356,836	3,437,720	962,851	290,564,393	611,252,169
Money Market Funds	46,847,607	2,541,576	4,322,725	25,945			53,737,853
Miscellaneous Payables	2,230,493	60,121	46,585	26,822		73,969,740	76,333,761
Marketable Securities Issued (4)	2,104,244	11,647,841	22,621,436	35,838,166	17,344,902		89,556,589
Funds Provided from Other Financial Institutions	12,455,710	53,579,724	50,954,407	9,616,624	2,317,218		128,923,683
Other Liabilities (5) (6)	5,230,548	4,443,819	3,981,506	1,373,120	1,376,106	141,767,885	158,172,984
Total Liabilities	326,188,708	110,243,667	106,996,559	51,369,287	22,001,077	507,604,775	1,124,404,073
Balance Sheet Long Position			114,114,483	196,157,463	58,672,136		368,944,082
Balance Sheet Short Position	(141,324,167)	(4,463,222)				(223,156,693)	(368,944,082)
Off Balance Sheet Long Position	3,422,542	16,148,347					19,570,889
Off Balance Sheet Short Position			(1,052,722)	(9,325,566)	(6,159,597)		(16,537,885)
Total Position	(137,901,625)	11,685,125	113,061,761	186,831,897	52,512,539	(223,156,693)	3,033,004

(1) Includes Derivative financial assets.
(2) Includes leasing receivablesand factoring receivables.
(3) The expected loss provisions are shown in non-Interest column.
(4) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.
(5) Shareholders' equity is included in "non-interest bearing" column.
(6) The borrower funds are presented in "Up to 1 month" column in other liabilities.

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b. Parasal finansal araçlara uygulanan ortalama faiz oranları:

Current Period	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in Vault. Foreign Currency Cash. Money in Transit. Cheques Purchased) and Balances with the Central Bank of Turkey	2.50	4.25		
Banks	1.22	2.77		20.21
Financial Assets at Fair Value through Profit/Loss	3.00	5.23		13.59
Money Market Placements				16.47
Financial Assets at Fair Value Through Other Comprehensive Income	3.89	5.84		31.73
Loans (1)	5.94	8.12	7.27	20.59
Financial Assets Measured at Cost	3.58	6.91		23.92
Liabilities				
Bank Deposits	0.77	4.70		12.64
Other Deposits	0.12	0.65		11.63
Money Market Funds	1.48	6.61		9.71
Miscellaneous Payables				
Debt Securities Issued (2)		6.59		20.49
Funds	1.50	2.50		7.50
Funds Provided from Other Financial Institutions	3.39	6.11		15.26

(1) Includes leasing receivables and factoring receivables.
(2) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

Prior Period	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in Vault. Foreign Currency Cash. Money in Transit. Cheques Purchased) and Balances with the Central Bank of Turkey				8.50
Banks	0.35	0.22		18.39
Financial Assets at Fair Value through Profit/Loss	1.92	2.70		15.78
Money Market Placements	(2.60)			16.63
Financial Assets at Fair Value Through Other Comprehensive Income	3.86	5.21		21.47
Loans (1)	4.29	5.30		18.30
Financial Assets Measured at Amortized Cost	3.11	5.03		19.21
Liabilities				
Bank Deposits	0.35	1.09		15.50
Other Deposits	0.06	0.14		11.57
Money Market Funds	0.65	1.45		14.19
Miscellaneous Payables				
Debt Securities Issued (2)		6.43		18.37
Funds	0.10	0.20		11.00
Funds Provided from Other Financial Institutions	1.57	2.01		16.69

(1) Includes leasing receivablesand factoring receivables.
(2) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

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V. Explanations on Equity Shares Risk Arising from Banking Book

- a. Accounting policies related to equity investments in associates and subsidiaries can be seen in the Section Three Note III.2.
- b. Balance sheet value of equity investment, fair value and for publicly traded, if the market value is different from the fair value comparison to the market price:

Investment in Shares	Comparison		
	Book Value	Fair Value	Market Value
Quoted			
Investment in Shares Group A			
Subsidiaries			
Financial Subsidiaries			
Non-Financial Subsidiaries (1)	39,036,192		132,854,654
Non-Quoted			
Associate and Subsidiaries			
Financial Subsidiaries (2)	385,225		
Non-Financial Subsidiaries	20,120		
Subsidiaries			
Financial Subsidiaries			
Non-Financial Subsidiaries	3,412,997		

- (1) Türkiye Şişe ve Cam Fabrikaları A.Ş.
- (2) Accounted under the equity method in the consolidated financial statements according to TAS 28 and 1st clause of Article 5 of the "Communiqué on the Preparation of Consolidated Financial Statements".
- (3) Refers to the total market value of the company.

c. Information on revaluation surpluses and unrealised gains/losses on equity securities and results included in Common Equity and Tier II Capital:

Portfolio	Realised Gains/losses During the period	Revaluation Increases		Unrealized Gains and Losses		
		Total	Including into Tier I Capital (1)	Total	Including into Tier I Capital	Total
Private Equity Investments						
Shares Traded on a Stock Exchange		37,446,292	37,446,292			
Other Stocks		1,110,254	1,110,254			
Total		38,556,546	38,556,546			

- (1) Represents the amounts reflected to equity according to the equity method.

d. Capital requirement based on per equity shares:

Portfolio	Carrying Value	Total RWA	Minimum Capital Requirement
Private Equity Investments			
Share Traded on a Stock Exchange	39,036,192	39,036,192	3,122,895
Other Stocks	3,818,342	4,396,180	351,694
Total	42,854,534	43,432,372	3,474,589

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VI. Explanations on Liquidity Risk Management and Consolidated Liquidity Coverage Ratio

Liquidity risk may occur as a result of funding long-term assets with short-term liabilities. The Groups' liquidity is managed by the Asset-Liability Management Committee in accordance with the business strategies, legal requirements, current market conditions and expectations regarding the economic and financial conjuncture.

The Parent Bank's principal source of funding is deposits. Although the average maturity of deposits is shorter than that of assets as a result of the market conditions, the Bank's wide network of branches and stable core deposit base are its most important safeguards of funding. Additionally, the Bank borrows medium and long-term funds from institutions abroad. Concentration limits are generally used in deposit and non-deposit borrowings in order to prevent adverse effects of concentrations in the liquidity risk profile of the Bank.

In order to meet the liquidity requirements that may arise from market fluctuations, considerable attention is paid to the need to preserve liquidity and efforts in this respect are supported by projections of Turkish Lira and Foreign Currency (FC) cash flows. The term structure of TL and FC deposits, their costs and amounts are monitored on a daily basis. During these studies historical events and future expectations are taken into account as well, based upon cash flow projections, prices are differentiated for different maturities and measures are taken accordingly to meet liquidity requirements. Moreover, potential alternative sources of liquidity are determined to be used in case of extraordinary circumstances.

The liquidity risk exposure of the Group has to be within the risk capacity limits which are prescribed by the legislation and the Group's risk appetite defined in its business strategy. It is essential for the Group to have an adequate level of unencumbered liquid asset stock which can be sold or pledged, in case a large amount of reduction in liquidity sources occurs. The level of liquid asset buffer is determined in accordance with the liquidity risk tolerance which is set by the Board of Directors. Asset-Liability Management Committee is responsible for monitoring the liquidity position, determining appropriate sources of funds and deciding the maturity structure in accordance with the limits which are set by the Board of Directors.

The Treasury Division is responsible for monitoring the liquidity risk, in accordance with the Asset-Liability Management Risk Policy limits, objectives set out in the business plan and the decisions taken at the meetings of Asset-Liability Management Committee. The Treasury Division is also responsible for making liquidity projections and taking necessary precautions to reduce liquidity risk, by using the results of stress testing and scenario analysis. Within this scope, Treasury Division is monitoring the Turkish Lira (TL) and foreign currency (FC) liquidity position instantly and prospectively based on the information provided from the branches, business units and IT infrastructure of the Bank. The assessment of long-term borrowing opportunities is carried out regularly in order to balance the cash inflows and outflows and to mitigate the liquidity risk. The Bank creates liquidity through repurchase agreements and secured borrowings based on the high quality liquid asset portfolio, through securitization and other structured finance products which are created from the asset pools like credit card receivables and retail loans.

The Bank applies liquidity stress tests to measure liquidity risk. In this approach, in liquidity stress scenarios in which parameters are determined by the Board of Directors, the ability of the Bank's liquid assets' in covering cash outflows within a one-month horizon has been described. Liquidity adequacy limits for TL and FC are determined by Board of Directors, based on the liquidity requirements and risk tolerance of the Bank. The liquidity risk is measured by the Risk Management Division and results are reported to the related executive functions, senior management and Board of Directors.

It is essential for the Bank to monitor the liquidity position and funding strategy continuously. In case of a liquidity crisis that may arise from unfavorable market conditions, extraordinary macroeconomic situations and other reasons which are beyond the control of the Bank. "Emergency Action and Funding Plan" is expected to be commissioned. In that case, related committees have to report the precautions taken and their results to the Board of Directors through Audit Committee.

	Current Period	
	TL+FC	FC
October 31, 2021	160,65	457,48
November 30, 2021	155,09	467,81
December 31, 2021	154,99	487,23

	Prior Period	
	TL+FC	FC
October 31, 2020	156,66	434,83
November 30, 2020	172,64	468,88
December 31, 2020	199,25	507,82

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The Bank's Foreign Currency (FC) and total (TL+FC) liquidity coverage ratio (LCR) averaged for the last three months are given below.

Liquidity Coverage Ratio:

Current Period	Total Unweighted Value (1)		Dikkate Alınma Oranı Uygulanmış Toplam Değer (1)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets			308,711,858	204,903,813
Cash Outflows				
Retail and Small Business Customers, of which;	611,317,338	377,077,839	56,151,478	37,707,784
Stable deposits	99,605,132		4,980,257	
Less stable deposits	511,712,206	377,077,839	51,171,221	37,707,784
Unsecured wholesale funding, of which;	334,798,824	187,403,972	168,815,630	98,329,464
Operational deposits	3,005,540	36,219	739,822	9,055
Non-operational deposits	227,527,733	151,835,763	100,701,866	66,519,903
Other unsecured funding	104,265,551	35,531,990	67,373,942	31,800,506
Secured funding			224,756	13,731
Other cash outflows, of which;	8,511,344	19,369,975	8,511,344	19,369,975
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	3,273,748	14,132,379	3,273,748	14,132,379
Obligations related to structured financial products				
Commitments related to debts to financial markets and other off-balance sheet obligations	5,237,596	5,237,596	5,237,596	5,237,596
Other revocable off-balance sheet commitments and contractual obligations	80,267,478	73,076,139	4,013,374	3,653,807
Other irrevocable or conditionally revocable off-balance sheet obligations	426,353,159	175,080,021	36,996,071	15,510,864
Total Cash Outflows			274,712,653	174,585,625
Cash Inflows				
Secured lending	4,195,089		500,968	
Unsecured lending	100,584,121	65,700,311	74,655,489	54,622,443
Other cash inflows	2,727,740	116,821,011	2,727,740	116,821,011
Total Cash Inflows	107,506,950	182,521,322	77,884,197	171,443,454
Upper Limit Applied Values				
Total HQLA Stock			308,711,858	204,903,813
Total Net Cash Outflows			196,828,456	43,646,406
Liquidity Coverage Ratio (%)			156,91	470,84

(1) The simple arithmetic average calculated for the last three months of weekly simple arithmetic average.

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Prior Period	Total Unweighted Value (1)		Dikkate Alınma Oranı Uygulanmış Toplam Değer (1)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			196,731,749	137,922,605
Cash Outflows				
Retail and Small Business Customers, of which;	385,342,542	255,632,298	35,792,010	25,563,230
Stable deposits	54,844,879		2,742,244	
Less stable deposits	330,497,663	255,632,298	33,049,766	25,563,230
Unsecured funding, of which;	187,046,797	112,910,239	95,886,913	56,879,781
Operational deposits	1,255,644	16,359	313,911	4,090
Non-operational deposits	134,597,977	98,576,273	60,491,359	43,239,644
Other unsecured funding	51,193,176	14,317,607	35,081,643	13,636,047
Secured funding			65,495	53,327
Other cash outflows, of which;	8,505,992	12,874,684	8,505,992	12,874,684
Derivatives cash outflow and liquidity needs related to market valuation changes on derivative or other transactions	4,375,826	8,744,518	4,375,826	8,744,518
Obligations related to structured financial products				
Commitments related to debts to financial markets and other off-balance sheet obligations	4,130,166	4,130,166	4,130,166	4,130,166
Other revocable off-balance sheet commitments and contractual obligations	53,066,816	46,671,687	2,653,341	2,333,584
Other irrevocable or conditionally revocable off-balance sheet obligations	287,990,929	156,050,151	29,290,631	17,577,368
Total Cash Outflows			172,194,382	115,281,974
Cash Inflows				
Secured lending	112,194	36,588	1,571	1,356
Unsecured lending	63,377,888	46,531,386	52,758,960	40,975,721
Other cash inflows	7,972,830	61,206,589	7,972,830	61,206,589
Total Cash Inflows	71,462,912	107,774,563	60,733,361	102,183,666
Upper Limit Applied Values				
Total HQLA Stock			196,731,749	137,922,605
Total Net Cash Outflows			111,461,021	29,261,943
Liquidity Coverage Ratio (%)			176,18	470,51

(1) The simple arithmetic average calculated for the last three months of the monthly simple arithmetic average.

Compared to the prior priof, it is observed that the liquidity coverage ratio decreased in the fourth quarter of 2022 due to the increase in net cash outflows both in total and in foreign currency. Foreign currency liquidity coverage rate decreased due to the increase in net cash outflows, while the total liquidity coverage rate increased due to the increase in the stock of high-quality liquid assets. Total and Foreign Currency liquidity coverage ratios are continuing to hover far above the minimum level (respectively 100% and 80%) pursuant to legal legislations.

The Liquidity Coverage Ratio which has been introduced to ensure banks to preserve sufficient stock of high-quality assets to meet their net cash outflows that may occur in the short term is calculated as per the Communiqué on "Measurement and Assessment of the Liquidity Coverage Ratio of Banks" published by BRSA. The ratio is directly affected by the level of unencumbered high-quality assets which can be liquidated at any time and net cash inflows and outflows arising from the Group's assets, liabilities and off-balance sheet transactions.

The Group's high quality liquid asset stock primarily consists of cash and the accounts held at CBRT and unencumbered government bonds which are issued by Turkish Treasury.

The Bank's principal source of funding is deposits. In term of non-deposit borrowing, funds received from repurchase agreements, marketable securities issued, and funds borrowed from financial institutions are among the most significant funding sources.

In order to manage liquidity effectively, concentration of liquidity sources and usages should be avoided. Due to the strong and stable core deposit base of the Bank, deposits are received from a diversified customer portfolio. In addition, to provide diversification in liquidity sources and usages, liquidity concentration limits are used effectively. Total amount of funds borrowed from a single counterparty, or a risk group is closely and instantaneously monitored, taking liquidity concentration limits into account. In addition to these, the cumulative liquidity deficits that the Parent Bank is exposed to in various maturity tranches are periodically monitored and reported to the senior management.

Cash flows of derivatives that will take place within 30 days are taken into account in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation.

Liquidity risk of the Bank, its foreign branches and subsidiaries that are to be included in consolidation are managed within the regulatory limits and in accordance with the Group strategies. For the purposes of effectiveness and sustainability of liquidity management, funding sources of Group compaiesy and funding diversification opportunities in terms of markets, instruments and tenor are evaluated and liquidity position of the group companies are monitored continuously by the Parent Bank.

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Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated (1)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	79,748,724	122,097,175						201,845,899
Banks	19,346,828	16,670,269	2,766,863	210,855				38,994,815
Financial Assets at Fair Value through Profit/Loss (2)	23,111,597	7,384,835	8,561,711	4,628,881	9,377,593	70,884		53,135,501
Money Market Placements		5,032,776	685,950	476,616				6,195,342
Financial Assets at Fair Value Through Other Comprehensive Income	2,131,604	1,793,833	6,858,790	22,485,163	104,870,290	63,985,897		202,125,577
Loans (3)(4)	31,842,932	133,372,179	108,340,248	298,108,761	247,484,905	66,001,950	27,212,758	912,363,733
Financial Assets Measured at Amortized Cost		1,665,017	3,364,926	10,014,167	57,972,059	33,939,992		106,956,161
Other Assets	42,335,176	19,159,690	365,493	177,702	2,576,476		129,200,004	193,814,541
Total Assets	198,516,861	307,175,774	130,943,981	336,102,145	422,281,323	163,998,723	156,412,762	1,715,431,569
Liabilities								
Bank Deposits	1,192,084	4,621,637	2,508,509	2,756,604	228,279			11,307,113
Other Deposits	430,511,241	366,804,733	100,178,092	39,499,739	3,450,544	884,470		941,328,819
Funds Provided from Other Financial Institutions		10,660,466	10,450,266	55,030,579	51,420,421	28,419,867		155,981,599
Money Market Funds		44,232,857	3,247,827	3,748,081	11,391			51,240,156
Marketable Securities Issued (5)		13,077,343	3,213,348	10,823,154	38,912,080	25,877,380		91,903,305
Miscellaneous Payables	89,840,898	59,261,233	602,083	182,978	465,992			150,353,184
Other Liabilities (6)	441,273	16,961,168	9,137,558	3,741,168	694,157	319,823	282,022,246	313,317,393
Total Liabilities	521,985,496	515,619,437	129,337,683	115,782,303	95,182,864	55,501,540	282,022,246	1,715,431,569
Liquidity Gap	(323,468,635)	(208,443,663)	1,606,298	220,319,842	327,098,459	108,497,183	(125,609,484)	
Net Off Balance Sheet Position		(2,790,449)	(3,320,632)	1,584,643	2,846,840	550,941		(1,128,657)
Derivative Financial Assets		189,216,660	72,157,698	45,268,853	90,901,222	76,163,585		473,708,018
Derivative Financial Liabilities		192,007,109	75,478,330	43,684,210	88,054,382	75,612,644		474,836,675
Non-cash Loans	131,529,790	7,843,265	19,534,617	66,168,088	17,943,149	7,497,012		250,515,921
Prior Period								
Total Assets	169,573,968	174,612,538	78,545,534	188,657,776	319,514,247	108,583,650	84,916,360	1,124,404,073
Total Liabilities	342,908,302	347,075,584	66,693,216	103,208,681	85,833,703	43,502,176	135,182,411	1,124,404,073
Liquidity Gap	(173,334,334)	(172,463,046)	11,852,318	85,449,095	233,680,544	65,081,474	(50,266,051)	
Net Off Balance Sheet Position		1,303,544	2,537,428	314,978	1,850,956	494,422		6,501,328
Derivative Financial Assets		154,345,598	63,995,026	43,416,267	67,227,055	65,745,376		394,729,322
Derivative Financial Liabilities		153,042,054	61,457,598	43,101,289	65,376,099	65,250,954		388,227,994
Non-cash Loans	117,111,116	3,824,077	10,279,933	47,548,648	14,381,524	6,470,495		199,615,793

(1) Assets, such as Tangible Assets, Subsidiaries and Associates, Office Supply Inventory, Prepaid Expenses and Non-Performing Loans, which are required for banking operations and which cannot be converted into cash in short-term, other liabilities such as Provisions which are not considered as payables and Shareholders' Equity, are shown in "Unallocated" column.

(2) The balances include financial derivative assets.

(3) Includes leasing and factoring receivables.

(4) Stage 3 Non performing loans are included in "Unallocated" column.

(5) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

(6) The borrower funds are presented in "Up to 1 month" column in other liabilities.

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In compliance with the "IFRS 7", the following table indicates the maturities of the Group's major financial liabilities which are not qualified as derivatives. The following tables have been prepared by referencing the earliest dates of payments without discounting the liabilities. The interest to be paid to the related liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The values of the related liabilities registered in balance sheet do not include these amounts.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total	Adjustments (-)	Balance Sheet Value
Liabilities									
Deposits	431,703,325	372,404,269	104,427,790	43,495,850	3,819,539	986,180	956,836,953	4,201,021	952,635,932
Funds Provided from Other Financial Institutions		10,608,924	11,111,093	60,778,311	62,841,187	35,646,503	180,986,018	25,004,419	155,981,599
Money Market Funds		44,287,582	3,310,657	3,863,524	11,591		51,473,354	233,198	51,240,156
Marketable Securities Issued (Net) (1)		13,592,407	3,461,102	15,080,451	49,361,501	28,795,298	110,290,759	18,387,454	91,903,305
Leasing Liabilities		49,799	116,174	460,864	1,223,794	608,706	2,459,337	816,284	1,643,053

(1) Includes bonds that have the nature of issued secondary subordinated loans, which are classified as subordinated loans on the balance sheet.

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total	Adjustments (-)	Balance Sheet Value
Liabilities									
Deposits	291,867,150	257,817,496	38,441,570	25,318,327	4,584,375	1,145,789	619,174,707	1,495,504	617,679,203
Funds Provided from Other Financial Institutions		5,179,465	10,843,245	48,493,365	46,585,229	23,859,359	134,960,663	6,036,980	128,923,683
Money Market Funds		46,912,274	2,550,211	4,360,066	26,546		53,849,097	111,244	53,737,853
Marketable Securities Issued (Net) (1)		2,348,478	9,678,950	26,563,296	46,508,859	23,533,539	108,633,122	19,076,533	89,556,589
Leasing Liabilities		35,971	82,418	272,940	922,507	506,016	1,819,852	580,138	1,239,714

(1) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

The following table shows the remaining maturities of non-cash loans of the Group.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	21,031,210	4,990,207	8,488,974	21,584,064	502,220	271,840	56,868,515
Letters of Guarantee	109,360,483	2,525,641	10,142,096	37,774,002	16,297,174	4,653,229	180,752,625
Acceptances	137,720	327,417	864,033	6,723,990	347		8,053,507
Other	1,000,377		39,514	86,032	1,143,408	2,571,943	4,841,274
Total	131,529,790	7,843,265	19,534,617	66,168,088	17,943,149	7,497,012	250,515,921

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	39,975,559	1,442,386	1,343,837	4,648,587	1,266,738	196,642	48,873,749
Letters of Guarantee	75,667,646	1,355,867	6,702,245	32,852,294	11,984,768	4,104,143	132,666,963
Acceptances	583,828	1,010,984	2,233,851	9,932,465	44,745		13,805,873
Other	884,083	14,840		115,302	1,085,273	2,169,710	4,269,208
Total	117,111,116	3,824,077	10,279,933	47,548,648	14,381,524	6,470,495	199,615,793

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The following table shows the remaining maturities of derivative financial assets and liabilities of the Group.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts- Buy	8,245,045	11,228,799	12,917,860	2,530,422		34,922,126
Forwards Contracts- Sell	8,292,895	10,969,931	12,661,924	2,492,528		34,417,278
Swaps Contracts -Buy	152,309,275	44,576,936	19,903,500	87,599,199	72,341,423	376,730,333
Swaps Contracts -Sell	169,988,158	55,485,647	19,253,119	84,790,253	71,790,482	401,307,659
Futures Transactions-Buy	130,537	2,224,899	55,041			2,410,477
Futures Transactions-Sell	129,888	1,266,177	50,766			1,446,831
Options-Call	3,643,935	1,561,858	5,545,458	707,612	3,822,162	15,281,025
Options-Put	3,641,727	1,870,756	4,879,934	707,612	3,822,162	14,922,191
Other	34,842,309	18,451,025	13,685,461	127,978		67,106,773
Total	381,223,769	147,636,028	88,953,063	178,955,604	151,776,229	948,544,693

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts - Buy	9,789,528	7,650,678	14,817,597	4,796,590		37,054,393
Forwards Contracts - Sell	10,177,720	7,694,897	14,931,354	4,598,985		37,402,956
Swaps Contracts - Buy	120,101,356	48,549,092	22,481,946	62,186,646	62,720,302	316,039,342
Swaps Contracts - Sell	133,617,738	49,670,442	22,068,513	60,350,931	62,225,880	327,933,504
Futures Transactions - Buy	7,696	922,465	591,886			1,522,047
Futures Transactions - Sell	7,967	175,595	595,566			779,128
Options - Call	5,122,288	2,949,375	4,012,940		3,025,074	15,109,677
Options – Put	5,201,143	2,919,767	3,962,813		3,025,074	15,108,797
Other	23,362,216	4,920,313	3,054,941	670,002		32,007,472
Total	307,387,652	125,452,624	86,517,556	132,603,154	130,996,330	782,957,316

VII. Explanations on Leverage Ratio

a. Explanations on Differences Between Current and Prior Years' Leverage Ratios

The Bank's consolidated leverage ratio is calculated in accordance with the principles of the "Regulation on Measurement and Evaluation of Banks' Leverage Level". The Bank's consolidated Leverage ratio is 8.14% (December 31, 2021: 6.12%). According to Regulation the minimum leverage ratio is 3%. The changes in the leverage ratio are mostly due to the increase in the Tier I Capital amounts.

b. Summary Comparison Table Related to Total Amount of Asset and Risk Situated in The Consolidated Financial Statements Prepared in Accordance with TAS:

	Current Period	Prior Period
Summary Comparison Table Related to Total Amount of Asset and Risk Situated in The Consolidated Financial Statements Prepared in Accordance with TAS	1,411,809,015 (1)	1,138,221,128
The difference between Total Amount of Asset in the Consolidated Financial Statements Prepared in Accordance with TAS and the Communiqué on Preparation of Consolidated Financial Statements of Banks	28,842,201 (1)	13,817,055
The difference between total amount and total risk amount of derivative financial instruments with credit derivative in the Communiqué on Preparation of Consolidated Financial Statements of Banks (2)	(7,562,976)	(4,521,050)
The difference between total amount and total risk amount of risk investment securities or commodity collateral financing transactions in the Communiqué on Preparation of Consolidated Financial Statements of Banks (2)	39,516,082	41,010,346
The difference between total amount and total risk amount of off-balance sheet transactions in the Communiqué on Preparation of Consolidated Financial Statements of Banks (2)	21,574,281	19,341,737
The other differences between amount of assets and risk in the Communiqué on Preparation of Consolidated Financial Statements of Banks (2)	(1,672,308)	7,102,851
Total Exposures (2)	2,134,786,443	1,376,092,005

(1) As the consolidated financial statements dated 31.12.2022 prepared per paragraph 6 of article 5 of the "Communiqué on the Preparation of Consolidated Financial Statements of Banks" have not yet been published as of the report date pursuant the legal regulations, the consolidated financial statement balances of 30.06.2022 are included.

(2) The amounts in the table represents the average of three months.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

c. Explanations on consolidated leverage ratio

	Current Period (1)	Prior Period (1)
On-Balance Sheet Items		
On-balance sheet items (excluding derivatives and SFTs. but including collateral)	1,639,991,435	1,025,401,026
Asset amounts deducted in determining Basel III Tier 1 capital	(3,634,115)	(1,968,196)
The total amount of risk on-balance sheet exposures	1,636,357,320	1,023,432,830
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit derivatives	18,799,552	23,322,566
The potential amount of credit risk with derivative financial instruments and credit derivatives	7,562,976	4,521,050
The total amount of risk on derivative financial instruments with credit derivatives	26,362,528	27,843,616
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	14,350,224	5,751,181
Risk amount of exchange brokerage operations		
The total amount of risk investment securities or commodity collateral financial transactions	14,350,224	5,751,181
Off -Balance Sheet Items		
Gross notional amount for off-balance sheet items	477,654,908	337,285,014
Adjustments for conversion to credit equivalent amounts	(19,938,537)	(18,220,636)
The total amount of risk for off-balance sheet items	457,716,371	319,064,378
Capital and Total Exposures		
Tier 1 Capital	174,084,953	83,746,667
Total Exposures	2,134,786,443	1,376,092,005
Leverage Ratio		
Leverage Ratio	8.14	6.12

(1) Three-month average of the amounts in Leverage Ratio table.

VIII. Explanations on Other Price Risk

The Group is exposed to stock price risk due to its investments in companies being traded on the BIST.

The Group's sensitivity to stock price risk at the reporting date was measured with an analysis. In the analysis, with the assumption of all other variables were held constant and the data (stock prices) used in the valuation method are 10 % higher or lower. According to this assumption in shares traded in Borsa Istanbul and followed under Financial Assets at Fair Value through Profit or Loss account, expected to have an effect amounting to TL 1,187,352 increase/decrease.

1. Explanations on Presentation of Assets and Liabilities at Fair Value

1. Information on fair values of financial assets and liabilities

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets				
Money Market Placements	6,195,342	2,993,064	6,195,342	2,993,064
Banks	38,994,815	35,195,242	39,037,629	35,181,094
Financial Assets at Fair Value Through Other Comprehensive Income	202,125,577	109,943,659	202,125,577	109,943,659
Financial Assets Measured at Amortized Cost	106,956,161	51,545,328	127,548,531	50,990,529
Loans (1)	885,150,975	590,297,628	871,796,926	569,711,027
Financial Liabilities				
Banks Deposits	11,307,113	6,427,034	10,949,385	6,185,928
Other Deposits	941,328,819	611,252,169	941,495,895	610,797,007
Funds Provided from Other Financial Institutions	155,981,599	128,923,683	152,058,375	123,962,706
Marketable Securities Issued (2)	91,903,305	89,556,589	89,153,363	85,380,759
Miscellaneous Payables and funds borrowed	151,090,917	77,025,465	151,090,917	77,025,465

(1) Factoring and Leasing Receivables are included.

(2) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

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Strike prices, quotations, market prices determined by the CBRT and published in the Official Gazette and the values calculated by using alternative models, are taken as the basis in the fair value determination of financial assets at fair value through other comprehensive income.

When the prices of the financial assets measured at amortized cost cannot be measured in an active market, fair values are not deemed to be reliably determined and amortized cost, calculated by the internal rate of return method, are taken into account as the fair values.

Fair values of banks, loans granted, deposits and funds borrowed from other financial institutions are calculated by discounting the amounts in each maturity bracket formed according to repricing periods, using the rate corresponding to relevant maturity bracket in the discount curves based on current market conditions.

2. Information on fair value measurements recognized in the financial statements

TFRS 13 – “Fair Value Measurement” standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified within a range. According to this, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles of ranking.

Current Period	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss			
Debt Securities	4,574,363	5,807,344	89,747
Equity Securities	11,874,735	333,165	
Derivative Financial Assets at Fair Value through Profit and Loss		19,560,649	
Other	5,124,774	5,770,724	
Financial Assets at Fair Value Through Other Comprehensive Income(1)			
Debt Securities	74,381,684	121,851,511	3,760,778
Equity Securities	47,760	1,416,134	
Other	531,003		
Derivative Financial Liabilities		10,091,101	

(1) Since they are not traded in an active market, the equity securities (TL 136,707) under the financial assets at fair value through other comprehensive income are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

Prior Period	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss			
Debt Securities	710,080	6,028,045	
Equity Securities	2,368,275	458,185	
Derivative Financial Assets Held for Trading		24,750,427	
Other	700,327	2,066,313	2,149,813
Financial Assets Available-for-Sale(1)			
Debt Securities	65,501,109	41,450,375	1,789,775
Equity Securities	140,975	745,821	
Other	243,653	24,966	
Derivative Financial Liabilities		14,078,527	

(1) Since they are not traded in an active market, the equity securities (TL 46,985) under the financial assets available-for-sale are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

The movement table of financial assets at level 3 is given below:

	Current Period	Prior Period
Balance at the Beginning of the Period	3,939,588	3,015,526
Purchases	1,922,461	1,018,018
Redemption or Sales (1)	(2,785,690)	(300,848)
Valuation Difference	673,556	307,502
Transfers	100,610	(100,610)
Balance at the end of the Period	3,850,525	3,939,588

(1) As the details are given in the Fifth Section Note I-b.3, between the company and the TVF for the sale of all A group registered shares corresponding to 55% of the capital of the company owned by the special purpose company to the Turkish Wealth Fund (TVF). A share transfer agreement was signed, and the sale and transfer transaction were realized on 31.03.2022.

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Properties that are recorded under tangible assets at fair value by the Bank and consolidated companies are classified in the 3rd level, whereas investment properties are classified both in the 2nd and 3rd level.

X. X. Explanations on Transactions Carried Out on Behalf of Third Parties and Fiduciary Transactions

The Group gives trading, custody, fund management services in the name and on the account of its customers. The Group has no fiduciary transactions.

X. XI. Explanations on Risk Management Objectives and Policies

The explanations prepared in accordance with the “Communiqué on Public Disclosures on Risk Management by Banks” published in the Official Gazette dated 23.10.2015 and numbered 29511 are as follows; Standard Approach is used by the Bank in calculating capital adequacy and other explanations within the scope of IRB (Based on Internal Rating) approach are not included.

a. General Information on Risk Management and Risk Weighted Amounts

a.1 Risk Management Approach of the Group

The Group is exposed to financial and non-financial risks which are required to be analyzed, monitored and reported within specific risk management principles and with the perspective of Group risk management. The risk management process is organized within the framework of risk management and serves the creation of a common risk culture in corporate level; which brings “corporate governance” to forefront, the independence of the internal audit and monitoring units from the business units that undertake risks is established risk is defined in accordance with international regulations and in this context measurement, analysis, monitoring, reporting and control functions are carried.

Risk management process and the functions involved in the process is one of the primary responsibilities of the Board of Directors. The Risk Committee operates to prepare the Group's risk management strategies and policies, submit them to the Board of Directors for approval and monitor the implementations. Evaluating the capital adequacy and observing the active use of results in planning and decision-making processes, establishing and monitoring limits related to main risks, monitoring the activities of risk management (determining, defining, measuring, evaluating and managing risk) and monitoring results and methods in measuring risk are also under their authority and responsibility of the Committee. Committee reports activity results to the Board of Directors through Audit Committee.

The Operational Risk Committee operates to determine strategies and policies for managing operational risks that the Bank may be exposed to, to develop an operational risk management framework and to strengthen the governance model for operational risks. The Committee reports the results of the activity to the Board of Directors through the Audit Committee.

The Risk Management Department, which reports to the Board of Directors of the Parent Bank through the Internal Systems Manager; organized as Asset-Liability Management Unit, Credit Risk Management Unit, Credit Risk Analytics and Control Unit, Operational Risk and Affiliate Risk Unit, Model Risk and Validation Unit, Internal Capital Assessment Process and Economic Capital Unit.

The Group's risk management process is carried out within the framework of risk policies which are issued by the Board of the Directors by taking the recommendations of the Risk Management Department into account and which include the written standards that are implemented by the business units. These policies which are entered into force in line with the international practices are general standards which contain organization and scope of the risk management function, risk measurement policies, duties and responsibilities of the risk management group, procedures for determining risk limits, ways to eliminate limit violations, compulsory approvals and confirmations to be given in a variety of events and situations.

In the aforementioned risk policies, the Group's risk appetite framework is defined as a set of approaches that determine the risk capacity, the risk appetite, the risk tolerance and that include the policies, procedures, controls and systems for reporting and monitoring of the limits set for the Group's risk profile and the indicators in the framework. The Group's risk appetite framework, which is formed in accordance with the above-mentioned factors and entered into force with the Board of Directors approval, includes indicators that are aligned with the business plan, the strategic programme, capital and remuneration planning and comparable on a business unit level to the extent possible. The compliance to the limits within the framework is periodically monitored and the realization of the risk appetite indicators are reported to the Risk Committee and the Boards on a monthly basis.

In order to build a strong corporate culture that has a risk management perspective, the Group has policies, processes, systems and a control system that is integrated with the risk management system. All employees of the Group essentially perform their duties in a responsible manner that aims to develop controls to reduce or eliminate the probability of the Group to incur losses related to the operational risks. In the process risk analysis studies, risks and the related controls are evaluated together with employees performing the relevant process in a holistic approach. Procedures to be followed in case of a risk threshold breach and risk definitions are given in the risk politics. Code of conducts, operation manuals, the sharing of duties between business units and risk units are announced to staff.

The risk reports that analyse the results reached by the Parent Bank and the comprehensive risk assessment and comparison of these results with a risk management perspective are periodically submitted to the Risk Committee and to the Board through the Audit Committee. The content of the above-mentioned reports could be summarised as follows:

- Capital adequacy ratio, the progression of the components of this ratio and the issues that affect the aforementioned ratio,
- Monitoring the compliance status of the limits set by the Board of Directors as a part of therisk appetite framework and based on the components of the main risk types,
- In addition to the assesment of the loan portfolio on the basis of counterparties and loan types, monitoring of the portfolio as a whole according to parameters such as maturity, sector, geography, risk ratings, arrears, defaults,
- Measuring the assets and liabilities management risk, and reporting of measurement results,
- Monitoring all risks assessed within the scope of non-financial risks, including operational risk, reputational risk and climate change risk, and operational risk qualified loss events and risk indicators occurring at the Bank,
- Testing measurement results for their integrity and reliability,
- Analysing the level of risk indicators under various stress scenarios,
- Examining various concentration indicators and the course followed by these indicators.

In addition, analyzes and evaluations regarding the risk level of the companies included in the consolidated risk policies are also included in the mentioned report..

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As per the communique on “Bank’s Internal Systems and Internal Capital Adequacy and Assessment Process” and “Guidelines for Stress Testing of Banks to Use in Capital and Liquidity Planning”, stress tests are conducted for the entire risks that the Group is exposed to and on the basis of significant risk categories. As a part of the holistic stress tests, risk appetite, capital planning, strategic plan and budget, action plans for emergencies and unexpected situations related to miscellaneous risks and other issues considered as significant are taken into consideration. In the above-mentioned stress tests, the methods that form the basis of regulatory reporting (standard method for credit and market risk, basic indicator method for operational risk) are used. On the other hand, in the stres tests for individual risk types the most advanced approaches used for risk measurement in the Parent Bank are leveraged.

In the stress tests, both the first pillar risks (credit risk, market risk, operational risk) in scope of the regulatory framework and all the other risks that the Group is exposed to independent of the regulatory framework are taken into account in a holistic perspective. In determining the course of capital adequacy under various scenarios during the planning horizon, the actions that the Group will take in case of stress conditions and the impact of the diversified growth strategies of business units on the capital adequacy and the balance sheet are considered.

The scope and content of the Parent Bank’s risk management system in terms of the main risk types are listed below. Risk mitigation strategies and processes for the assessment of their effectiveness are given in Fourth Section II No. "Explanations on Credit Risk" under the Fourth Chapter XI-c.2 notes. No. "The Public Disclosure of Qualitative Information Related to the Market Risk " mentioned in the section.

Credit Risk

Credit risk is defined as the risk of the failure to comply with the requirements or failing to fulfill its obligations partially or totally of the counter side of the transaction contract with the Parent Bank. The methodology and responsibilities of the credit risk management, controlling and monitoring and the framework of credit risk limitations specified with the credit risk policy.

The Bank defines measures and manages credit risk of the all products and activities. Board of Directors review the Parent Bank’s credit risk policies and credit risk strategy on an annual basis as a minimum. Key Management is responsible for the implementation of credit risk policies which are approved by Board of Directors.

As a result of loans and credit risks analysis all findings are reported to Board of Directors and Key Management on a regular basis. In addition to transaction and company based credit risk assessment process, monitoring of credit risk also refers to an approach with monitoring and managing the credit as a whole maturity, sector, security, geography, currency, credit type and credit rating.

In the Parent Bank’s credit risk management, along the limits as required by legal regulations, the Parent Bank utilizes the risk limits to undertake the maximum credit risk within risk groups or sectors that the Board of Directors determines. These limits are determined such a way that prevents risk concentration on particular sectors. Excess risk limits up to legal requirements and boundaries limits are considered as an exception. The Board of Directors has the authority in exception process. The results of the control of risk limits and the evaluations of these limits are presented by Internal Audit and Risk Management Group to Key Management and Board of Directors.

The Bank uses credit decision support systems which are created for the purpose of credit risk management, lending decisions, controlling the credit process and credit provisioning. The consistency of the credit decision support systems with the structure of the Parent Bank’s activities, size and complexity is examined continuously by internal systems. Credit decision support systems contain the Risk Committee assessment and approval of Board of Directors.

Asset and Liability Management Risk

Asset-liability management risk defined as the risk of Group’s incurring loss due to managing all financial risks that are inflicted from the assets, liabilities and off-balance sheet transactions, ineffectively. Trading book portfolio’s market risk, structural interest rate risk and liquidity risk of the banking portfolio; are considered within the scope of the asset liability management.

Complying the established risk limits and being at the limits that stipulated by the legislation are the primary priority of Asset-liability management risk. Risk limits are determined by the Board of Directors by taking into consideration of the Group’s liquidity, target income level and general expectations about changes in risk factors

Board of Directors and the Audit Committee are responsible for following the Group’s capital is used optimally; for this purpose, checking the status against risk limits and providing the necessary actions are taken.

Asset and Liability Management Committee is responsible for managing the Asset and Liability risk within the framework of operating principles that are involved in the risk appetite and risk limits are set by the Board of Directors in accordance with the policy statement.

Asset and liability management processes and compliance with the provisions of the policy are controlled and audited by the internal audit system. The execution of the audit, reporting the audit results, action plans for the elimination of errors and gaps identified as a result of inspections regarding the fulfillment of the principles, are determined by the Board of Directors.

Operational Risk

Operational risk is defined as “insufficient or unsuccessful internal processes, people and systems, or external events resulting from and legal it is defined as “the possibility of causing harm”, which also includes the risk that may arise. Studies consisted and are formed of occur by execution of identification, definition, measurement, analysis, monitoring of operational risk, providing and reporting the necessary control related to monitoring the progress of our country and the world, the development of techniques and methods, necessary legal reporting, notification and conduct of follow-up transactions. Studies on the subject are conducted by the Department of Risk Management.

Operational risks that arise due to the activities are defined in "Bank Risk Catalogue" and classified in respect of species. Bank Risk Catalogue is kind of the fundamental document that used for identification and classification of all at the risk that may be encountered. It is updated in line with the changes in the nature of the processes and activities.

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Qualitative and quantitative methods are used in a combination for measurement and evaluation of the operational risks. In this process, information use that obtained from "Impact-Probability Analysis", "Missing Event Data Analysis", "Risk Indicators", "Scenario Analysis", "Top-Down Risk Assessment", "Internal Model" methods. Methods prescribed by legal regulations are applied as minimum in determining the capital requirement level for the operating risk.

Operational Risk Committee that established by a decision of the board of directors on 30.04.2020, the management of operational risks that the bank may be exposed for the determination of policies and strategies, the development of an operational risk management framework and operational risks include activities with the aim of strengthening the governance model. The Committee works in cooperation with the Risk Committee and reports the results of its activities to the Board of Directors through the Audit Committee.

All risks are assessed in the context of operational risk, loss events and the risk indicators same as operational risks that occurred in the Parent Bank, are monitored on a regular basis by the Department of Risk Management and reported periodically to the Risk Committee, Operational Risk Committee and the Board of Directors.

Model Risk Management and Validation Operations

Model risk is the risk of financial losses and / or loss of reputation that the Bank may be exposed to due to errors and / or malfunctions that occur during the creation, implementation or use of models used in its activities. In order to address the model risk in a holistic manner, the model definition, model life cycle and triple line of defense structure and the duties and responsibilities of all functions of the Bank in this structure are defined in the model risk management policy.

Model risk management and validation activities in the second line of defense of the triple line of defense structure; creating the model inventory, determining and approving the model class, validating the models, preparing periodic reports on the Bank’s model risk and reporting to the Risk Committee, Audit Committee. and submission to the Board of Directors.

Risk measurement models are validated at least once a year under international standardsWithin the scope of validation, activities are carried out to test the performance and validity of models with statistical methods, to examine the quality of the data used in the model development phase and the conceptual soundness of the selected methods, and to evaluate the health of the processes created for the use of the models.The results of the validation activities are reported to the Risk Committee and the Board of Directors.

Subsidiaries Risk Operations

Corporations within the Bank’s consolidated risk policy, in terms of their own business lines, measure, evaluate and monitor risks, establish risk limits. Risk limits are approved by their own Board of Directors. Risk levels are reported to the Bank’s Risk Committee within the periods set by the Bank, to monitor risk levels on consolidated basis. The Bank’s Risk Committee, assesses the risk levels and report the results to the Board of the Directors of the Bank.

a2. General Information on Risk Weighted Amounts

	Risk Weighted Amount (1)		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
Credit risk (excluding counterparty credit risk) (CCR)	953,524,113	578,238,623	76,281,929
Of which standardised approach (SA)	953,524,113	578,238,623	76,281,929
Of which internal rating-based (IRB) approach			
Counterparty credit risk	16,407,066	17,096,324	1,312,565
Of which standardised approach for counterparty credit risk (CCR)	16,407,066	17,096,324	1,312,565
Of which internal model method (IMM)			
Equity positions in banking book under basic risk weighting or internal rating-based approach			
Equity investments in funds – look-through approach	9,051,377	2,683,178	724,110
Equity investments in funds – mandate-based approach			
Equity investments in funds - 1250% weighted risk approach			
Settlement risk	21,438		1,715
Securitization positions in banking accounts			
Of which IRB ratings-based approach (RBA)			
Of which IRB Supervisory formula approach (SFA)			
Of which SA/simplified supervisory formula approach (SSFA)			
Market risk	42,220,363	22,674,325	3,377,629
Of which standardised approach (SA)	42,220,363	22,674,325	3,377,629
Of which internal model approaches (IMM)			
Operational Risk	65,807,811	51,469,094	5,264,625
Of which Basic Indicator Approach	65,807,811	51,469,094	5,264,625
Of which Standardised approach (SA)			
Of which Advanced measurement approach			
The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	963,063	700,490	77,045
Floor adjustment			
Total	1,087,995,231	672,862,034	87,039,618

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b. Linkages Between Financial Statements and Risk Amounts

b.1 Differences and linkage between scopes of accounting consolidation and regulated consolidation
Differences and Linkage Between Accounting Consolidation and Legal Consolidation Scope:

Current Period	Carrying values in financial statements prepared as per TAS (1)	Carrying values in consolidated financial statements prepared as per TAS (2)	Carrying values of items in accordance with Turkish Accounting Standards (TAS) (2)				
			Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and CBRT	201,811,531	201,845,899	201,845,899				
Banks and Money Market Placements	45,665,900	45,190,157	45,190,157				
Financial Assets at Fair Value Through Profit/Loss	18,841,483	33,574,852	16,526,859			17,047,993	
Financial Assets at Fair Value Through Other Comprehensive Income	150,681,869	202,125,577	202,125,577			4,677,273	
Derivative Financial Assets at Fair Value Through Profit/Loss	19,740,263	19,560,649	19,560,649	19,560,649		11,111,264	
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	1,982,488						
Financial Assets at Measured at Amortised Cost – Loans (3)	758,003,869	912,363,733	912,363,733				
Financial Assets at Measured at Amortised Cost – Other Financial Assets	71,733,585	106,956,161	106,956,161				
Financial Assets at Measured at Amortised Cost – Expected Credit Loss (-)	34,916,253	39,990,816	39,990,816				
Assets Held for Sale and Discontinued Operations	1,589,482	1,618,994	1,618,994				
Investment in Associates, Subsidiaries and Joint-Ventures	2,466,588	42,870,444	42,870,444				
Tangible Assets	50,755,101	24,478,118	24,478,118				138,681
Intangible Assets	21,263,195	4,079,813	4,079,813				3,767,296
Investment Properties	6,081,880	11,320,190	11,320,190				
Current Tax Asset	3,763,045	26,354	26,354				
Deferred Tax Asset	3,470,339	974,110	974,110				
Other Assets	88,874,650	148,437,334	148,437,334				
Total Assets	1,411,809,015	1,715,431,569	1,698,383,576	19,560,649		32,836,530	3,905,977

Liabilities							
Deposits	751,961,017	952,635,932					
Funds Borrowed	165,658,441	155,981,599		9,549,591			
Money Market Funds	55,086,429	51,240,156		41,795,275			
Marketable Securities Issued	63,967,809	58,344,560					
Derivative Financial Liabilities at Fair Value Through Profit/Loss	12,144,239	10,091,101				10,091,101	
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	203,900						
Leasing Liability	2,730,945	1,643,053					
Provisions	56,005,657	67,292,475					
Current Tax Liability	4,461,088	8,125,987					
Deferred Tax Liability	493,636	1,599,383					
Subordinated Debts	46,801,726	33,558,745					
Other Liabilities	78,658,138	164,865,885					
Shareholders' Equity	173,635,990	210,052,693					
Total Liabilities	1,411,809,015	1,715,431,569		51,344,866		10,091,101	

(1) June 30, 2022, amounts are represented, as consolidated financial statements dated December 31, 2022, prepared in accordance with Article No 5 of Clause No 6 in the Communiqué on Preparation of Consolidated Financial Statements of Banks are not published as of reporting date.
(2) Leasing and Factoring Receivables are included.

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Prior Period	Carrying values in financial statements prepared as per TAS	Carrying values in consolidated financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards (TAS) (2)				
			Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and CBRT	183,647,187	184,021,225	184,021,225				
Banks and Money Market Placements	41,011,671	38,188,306	38,188,306				
Financial Assets at Fair Value Through Profit/Loss	12,515,537	14,481,038	9,704,721			4,776,317	
Financial Assets at Fair Value Through Other Comprehensive Income	110,065,911	109,943,659	109,943,659			1,474,079	
Derivative Financial Assets at Fair Value Through Profit/Loss	24,925,472	24,750,427	24,750,427	24,750,427		11,111,264	
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	899,645						
Financial Assets at Measured at Amortised Cost – Loans (1)	612,758,151	614,742,720	614,742,720				
Financial Assets at Measured at Amortised Cost – Other Financial Assets	55,051,217	51,545,328	51,545,328				
Financial Assets at Measured at Amortised Cost – Expected Credit Loss (-)	32,875,072	32,854,286	32,854,286				
Assets Held for Sale and Discontinued Operations	910,871	910,871	910,871				
Investment in Associates, Subsidiaries and Joint-Ventures	1,985,263	21,918,409	21,918,409				
Tangible Assets	43,214,686	11,407,024	11,407,024				89,996
Intangible Assets	17,266,481	2,182,025	2,182,025				1,993,519
Investment Properties	6,070,732	4,601,916	4,601,916				
Current Tax Asset	152,861	74,819	74,819				
Deferred Tax Asset	4,312,073	3,118,976	3,118,976				
Other Assets	56,308,442	75,371,616	75,371,616				
Total Assets	1,138,221,128	1,124,404,073	1,119,627,756	24,750,427		17,361,660	2,083,515

Liabilities							
Deposits	607,250,936	617,679,203					
Funds Borrowed	143,646,510	128,923,683		53,235,157			
Money Market Funds	53,737,853	53,737,853					
Marketable Securities Issued	57,083,581	48,077,312					
Derivative Financial Liabilities at Fair Value Through Profit/Loss	14,098,639	14,078,527				14,078,527	
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	51,639						
Leasing Liability	2,137,509	1,239,714					
Provisions	41,787,985	35,609,317					
Current Tax Liability	4,104,365	2,561,136					
Deferred Tax Liability	757,656	124,949					
Subordinated Debts	41,474,082	41,479,277					
Other Liabilities	47,118,391	84,724,923					
Shareholders' Equity	124,971,982	96,168,179					
Total Liabilities	1,138,221,128	1,124,404,073		53,235,157		14,078,527	

(1) Leasing and Factoring Receivables are included.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

b2. The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

	Current Period	Total	Credit Risk	Securitization Position	Counterparty credit risk	Market risk
1	Asset carrying value amount under scope of TAS	1,715,431,569	1,698,383,576		19,560,649	32,836,530
2	Liabilities carrying value amount under scope of TAS				(51,344,866)	10,091,101
3	Total net amount under regulatory scope of consolidation	1,715,431,569	1,698,383,576		70,905,515	22,745,429
4	Off-balance sheet amounts	998,385,339	170,131,232		26,399,369	
5	Repurchase Transactions Valuation Adjustments (1)				13,503,864	
6	Differences in valuations					
7	Differences due to different netting rules					
8	Differences due to consideration of provisions					
9	Differences due to prudential filters		(212,108,632)			
10	Differences due to risk mitigation (2)		(37,580,583)			
11	Risk Amounts		1,618,825,593		39,903,233	22,745,429

(1) According to the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", it is the counterparty credit risk amount calculated for repo style transactions.

(2) The source of the difference is the collateral for receivables under credit risk mitigation in the calculation of capital adequacy.

	Priot Period	Total	Credit Risk	Securitization Position	Counterparty credit risk	Market risk
1	Asset carrying value amount under scope of TAS	1,124,404,073	1,119,627,756		24,750,427	17,361,660
2	Liabilities carrying value amount under scope of TAS				(53,235,157)	14,078,527
3	Total net amount under regulatory scope of consolidation	1,124,404,073	1,119,627,756		77,985,584	3,283,133
4	Off-balance sheet amounts	771,887,904	147,301,592		29,890,333	
5	Repurchase Transactions Valuation Adjustments (1)				6,394,736	
6	Differences in valuations					
7	Differences due to different netting rules					
8	Differences due to consideration of provisions					
9	Differences due to prudential filters		(177,234,524)			
10	Differences due to risk mitigation (2)		(65,728,440)			
11	Risk Amounts		1,023,966,384		36,285,069	3,283,133

(1) According to the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", it is the counterparty credit risk amount calculated for repo style transactions.

(2) The source of the difference is the collateral for receivables under credit risk mitigation in the calculation of capital adequacy.

The differences between financial statements resulting from legal consolidation and the ones resulting from accounting consolidation are mainly due to the differences in the scope of companies included in consolidation. Legal consolidation only includes partnerships that are in the form of credit institutions or financial institutions in accordance with Article No 5 of Clause No 1 in the "Communiqué on Preparation of Consolidated Financial Statements of Banks" while accounting consolidation includes all partnerships regardless of them being in the form of credit institutions or financial institutions in accordance with Article No 5 of Clause No 6 in the same communiqué.

Bank using the valuation methodology are mainly based on data observed may in accordance with TFRS 13 aims to use methods that measure the fair value. In this context, securities qualification reality in the fair value measurement of financial assets in the transaction prices, quotes, set by the CBRT and as the price published in the Official Gazette as are used also necessary from internal pricing models. As for the derivative transactions interest rates, yield curves, foreign exchange, the basis of valuation models using market data such as volatility curves, valuation service is also available from third parties.

The market prices used to value the scope of the independent price verification process, data and / or model inputs for accuracy is regularly subjected to control, as well as compliance of the results provided by the pricing services obtained from third parties with respect to certain ranges tested.

c. Explanations on Credit Risk

c.1. General Information on Credit Risk

c.1.1. General Qualitative Information on Credit Risk

Relevant information is given in the footnotes below Section Four footnote II "Explanations on Credit Risk" and Section Four footnote numbered XI-a.1.

c.1.2. Credit Quality of Assets:

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

Current Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ Amortization and Impairments	Net Values
	Defaulted	Non-defaulted		
Loans (1)	27,212,758	885,150,975	20,565,590	891,798,143
Debt Securities		301,641,082		301,641,082
Off-balance sheet exposures	1,998,636	465,938,988	1,618,580	466,319,044
Total	29,211,394	1,652,731,045	22,184,170	1,659,758,269

Current Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ Amortization and Impairments	Net Values
	Defaulted	Non-defaulted		
Loans (1)	24,445,092	590,297,628	15,898,604	598,844,116
Debt Securities		153,871,817		153,871,817
Off-balance sheet exposures	1,613,512	333,971,906	1,215,814	334,369,604
Total	26,058,604	1,078,141,351	17,114,418	1,087,085,537

(1) Credit balance which is monitored as Financial Assets at Fair Value Through Profit or Loss is not included in the above table. It is shown in detail in Section 5 footnote 1.b.3.

c.1.3. Changes in Stock of Default Loans and Debt Securities (1)

	Current Period	Prior Period
Defaulted loans and debt securities at end of the previous reporting period	24,445,092	23,144,846
Loans and debt securities that have defaulted since the last reporting period	16,050,821	6,799,033
Receivables back to non-defaulted status	(497,130)	(1,017,053)
Amounts written off	(5,620,823)	(2,021,889)
Other Changes	(7,165,202)	(2,459,845)
Defaulted loans and debt securities at end of the reporting period	27,212,758	24,445,092

(1) Indemnified non-cash loans or non-cash loans not converted into cash, of the firms which are followed under "Non-performing Loans" accounts are not included in the table.

c.1.4. Additional Information on Credit Quality of Assets

Bank's methods for determining provision amounts and classification of its loans are mentioned in the Section Three Note VIII.

The bank is restructuring its loans classified as first and second group as well as non-performing loans and receivables. Restructuring in performing loans are made by granting a new loan or extending the term date of credit given to customer by Bank with changing conditions of contract aiming the enhancing of solvency of customer or customer's demand. Restructuring in non-performing loans are generally made by establishing a new redemption plan within the context of a protocol aiming the collection of those receivables whose redemption plan are not valid because of delinquency previously.

The breakdown of receivables in terms of geographic regions, sectors and remaining maturities are represented in "Explanations on Credit Risk" in the Fourth Section note II.

On the basis of sector-based provisions for receivables are presented in the footnote numbered Section Four II-16. The amounts of the receivables that are set aside for the geographical regions are as follows. The amount of non-performing loans which are written off in 2022 is TL 5,620,823.

	Current Period		Prior Period	
	Non-Performing Loans	Specific Provisions	Non-Performing Loans	Specific Provisions
Domestic	26,116,918	19,688,391	23,474,995	15,178,041
EU Countries	750,571	613,000	641,517	471,609
OECD Countries (1)	120,031	55,424	39,671	34,495
Off-Shore Banking Regions	16,142	16,142	44,950	20,185
USA, Canada	10,098	8,182	7,731	6,382
Other Countries	198,998	184,451	236,228	187,892
Total	27,212,758	20,565,590	24,445,092	15,898,604

(1) OECD Countries other than EU countries, USA and Canada.

The aging analysis of past-due receivables are disclosed under Section Four note II-11.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

c.2. Credit Risk Mitigation

c.2.1. Qualitative Public Disclosures on Credit Risk Mitigation Techniques

In the calculation of the Group's Credit Risk Mitigation in accordance with the "Communiqué on Credit Risk Mitigation Techniques" published in the Official Gazette numbered 29111 on September 6, 2014, the financial collaterals are taken into consideration. The Group takes local currency and foreign currency deposit pledges into consideration as financial collaterals in calculating regulatory capital adequacy.

Collateral valuation and its management policy and primary features processes are given at Section Four note.II under "Information on Credit Risk" disclosure.

c.2.2. Credit Risk Mitigation Techniques – Standard Approach

Current Period	Exposures unsecured	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans	856,149,996	18,966,900	16,617,735	16,681,247	15,067,525		
Debt securities	301,641,082						
Total	1,157,791,078	18,966,900	16,617,735	16,681,247	15,067,525		
Of which defaulted	26,252,601						
Prior Period	Exposures unsecured	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans (1)	577,741,977	10,355,755	8,618,981	10,746,384	9,724,012		
Debt securities	153,871,817						
Total	731,613,794	10,355,755	8,618,981	10,746,384	9,724,012		
Of which defaulted	23,623,595						

(1) Credit balance which is monitored as Financial Assets at Fair Value Through Profit or Loss is not included in the above table. It is shown in detail in Section 5 footnote 1.b.3.

c.3. Credit Risk Under Standardised Approach

c.3.1. Qualitative Disclosures on Banks' Use of External Credit Ratings Under the Standardised Approach for Credit Risk

Aformentioned explanations are disclosed under Section Four note XI-a.1.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

c.3.2. Standard Approach: Credit risk exposure and credit risk mitigation effects:

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk-Weighted Amount	Risk-Weighted Amount Density
Exposures to sovereigns and their central banks	434,245,075	13,177	447,474,160	3,753,665	9,371,832	2.08%
Exposures to regional and local governments	192,016	1,581	191,900	267	96,097	50.01%
Exposures to administrative bodies and non-commercial entities	83,618	199,794	81,656	84,338	165,994	100.00%
Exposures to multilateral development banks	779,142		779,142			0.00%
Exposures to international organizations						
Exposures to banks and securities firms	56,939,132	26,478,824	56,850,323	24,976,239	25,682,713	31.39%
Exposures to corporates	442,392,789	232,934,925	420,330,000	119,287,731	471,218,676	87.32%
Retail exposures	262,979,575	153,859,482	257,489,378	7,936,819	147,526,675	77.75%
Exposures secured by residential property	33,886,107	2,424,138	33,793,420	1,121,348	12,220,169	35.00%
Exposures secured by commercial property	29,832,148	4,975,290	29,832,148	3,155,777	19,936,999	60.44%
Past-due Receivables	6,344,324		6,344,324		4,655,385	73.38%
Exposures in higher-risk categories	92,795,173	1,575,017	92,480,332	145,490	155,142,393	167.49%
Exposures in the form of bonds secured by mortgages						
Short term exposures to banks, brokerage houses and corporates						
Equity investments in the form of collective investment Undertakings	9,016,377	35,000	9,016,377	35,000	9,051,377	100.00%
Other exposures	85,988,169	5,433,668	85,988,169	2,276,766	75,196,954	85.19%
Equity investments	44,442,556		44,442,556		45,020,394	101.30%
Total	1,499,916,201	427,930,896	1,485,093,885	162,773,440	975,285,658	59.18%

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk-Weighted Amount	Risk-Weighted Amount Density
Exposures to sovereigns and their central banks	270,036,409	329,185	278,093,661	9,801,001	3,736,206	1.30%
Exposures to regional and local governments	343,195	870	343,084	267	171,690	50.00%
Exposures to administrative bodies and non-commercial entities	508,227	231,567	503,596	100,558	604,154	100.00%
Exposures to multilateral development banks	363,923		363,923			0.00%
Exposures to international organizations						
Exposures to banks and securities firms	42,040,070	21,847,240	42,026,622	18,633,667	19,713,260	32.50%
Exposures to corporates	297,665,741	163,392,828	286,624,208	92,890,256	349,203,244	92.01%
Retail exposures	168,884,127	74,776,645	165,426,261	5,834,808	97,377,938	76.00%
Exposures secured by residential property	24,218,278	1,362,521	24,171,145	605,213	8,671,725	35.00%
Exposures secured by commercial property	25,979,947	3,621,770	25,979,947	2,519,999	17,569,776	61.65%
Past-due loans	7,773,698		7,773,698		6,179,114	79.49%
Exposures in higher-risk categories	24,046,483	1,246,361	23,726,962	150,646	35,579,530	149.01%
Exposures in the form of bonds secured by mortgages						
Short term exposures to banks, brokerage houses and corporates						
Equity investments in the form of collective investment Undertakings	2,633,178	50,000	2,633,178	50,000	2,683,178	100.00%
Equity investments	38,233,010	21,864,123	38,233,010	131,274	27,051,365	70.47%
Other exposures	23,010,720		23,010,720		23,431,014	101.83%
Total	925,737,006	288,723,110	918,910,015	130,717,689	591,972,194	56.39%

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

c.3.3. Standardised Approach: Receivables according to risk classes and risk weights:

Current Period	Risk Weights Consolidated											
	0% (1)	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total
Risk Groups												
Exposures to sovereigns and their central banks	442,251,035					10		8,186,687	790,093			451,227,825
Exposures to regional and local governments						192,141		26				192,167
Exposures to administrative bodies and non-commercial entities								165,994				165,994
Exposures to multilateral development banks	779,142											779,142
Exposures to international organizations												
Exposures to banks and securities firms	47,567		50,119,307			29,313,170		814,209	106,359		1,425,950	81,826,562
Exposures to corporates	289,336		52,262,981			43,654,776		438,365,543	319,085		4,726,010	539,617,731
Retail exposures	75,579,854						169,278,670	20,567,673				265,426,197
Exposures secured by residential property					34,914,768							34,914,768
Exposures secured by commercial property						26,101,851		6,886,074				32,987,925
Past-due loans						3,382,239		2,957,725	4,360			6,344,324
Exposures in higher-risk categories						163,763		217,237	59,660,202		32,584,620	92,625,822
Exposures in the form of bonds secured by mortgages												
Short term exposures to banks, brokerage houses and corporates												
Equity investments in the form of collective investment Undertakings								9,051,377				9,051,377
Equity investments								44,057,331		385,225		44,442,556
Other exposures	12,982,103		107,346					75,175,486				88,264,935
Total	531,929,037		102,489,634		34,914,768	102,807,950	169,278,670	606,445,362	60,880,099	385,225	38,736,580	1,647,867,325

(1) Yatırım Varlık Kiralama A.Ş. with transactions of one of the group companies that are not subject to credit risk of Anadolu Hayat Emeklilik A.Ş..It also includes securities that the company blocks on behalf of its insured persons, as well as individual pension receivables.

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Önceki Dönem	Risk Ağırlıkları Konsolide											
	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total
Risk Groups												
Exposures to sovereigns and their central banks	283,985,271					346,370		3,563,021				287,894,662
Exposures to regional and local governments						343,323		28				343,351
Exposures to administrative bodies and non-commercial entities								604,154				604,154
Exposures to multilateral development banks	363,923											363,923
Exposures to international organizations												
Exposures to banks and securities firms			36,648,915			22,931,570		897,484	11,190		171,130	60,660,289
Exposures to corporates	782,189		19,999,364			26,602,963		331,589,700	203,638		336,610	379,514,464
Retail exposures	43,109,482						123,094,596	5,056,991				171,261,069
Exposures secured by residential property					24,776,358							24,776,358
Exposures secured by commercial property						21,860,341		6,639,605				28,499,946
Past-due loans						3,400,695		4,161,476	211,527			7,773,698
Exposures in higher-risk categories						125,189		223,387	23,529,032			23,877,608
Exposures in the form of bonds secured by mortgages												
Short term exposures to banks, brokerage houses and corporates												
Equity investments in the form of collective investment Undertakings								2,683,178				2,683,178
Equity investments								22,730,524		280,196		23,010,720
Other exposures	11,312,919							27,051,365				38,364,284
Total	339,553,784		56,648,279		24,776,358	75,610,451	123,094,596	405,200,913	23,955,387	280,196	507,740	1,049,627,704

(1) Anadolu Hayat Emeklilik A.Ş. of the group companies.it also includes securities that the company blocks on behalf of its insured persons, as well as individual pension receivables.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

d. Explanations on Counterparty credit risk

d.1. Qualitative Disclosures on Counterparty Credit Risk Approach

The counterparty credit risk that the Parent Bank exposed to is managed within the framework of general limit allocation and credit risk mitigaiton that are outlined the Credit Risk Policy of the Bank. In setting general credit limits, the counterparty credit risks of customers as well as their cash and noncash risks are taken into account with a holistic view. Moreover, the total position of the transactions which create counterparty credit risk is also monitored under a separate risk limit.

The counterparty credit risk, which stems from derivatives and repo like transactions including transactions with qualified central counterparties that result in liabilities for both sides, is measured according to the Appendix-2 and Appendix-4 of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" Counterparty credit risk valuation method based on the calculation of fair values of the derivative transactions is implemented. In the process of calculating the counterparty credit risk, the Standard Approach is used to determine the risk amounts of derivative transactions. In calculating the risk amount related to derivative transactions; 1.4 times the sum of potential credit risk amounts and positive replacement costs is charged.

Most of the credit risk related to the derivative transactions with other banks is subject to daily collateral clearing agreements mutually signed with related parties and the counterparty credit risk is hence reduced. There are no guarantees received or sold by credit derivatives by the Bank in the context of trading or banking accounts.

d.2. Counterparty Credit Risk (CCR) Approach Analysis:

Current Period	Replacement Cost	Potential Future Exposure	EEPE (Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
Standardised Approach- CCR (for derivatives)	6,173,921	6,698,105		1,4	12,872,026	7,755,594
Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					10,017,752	3,868,472
Value-at-Risk (VaR) (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
Total						11,624,066

Current Period	Replacement Cost	Potential Future Exposure	EEPE (Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
Standardised Approach- CCR (for derivatives)	17,111,025	3,145,731		1,4	20,256,756	8,723,392
Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					4,896,829	1,616,356
Value-at-Risk (VaR) (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
Total						10,339,748

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

d.3. Capital obligation for credit valuation adjustment (CVA):

	Current Period		Prior Period	
	Risk Amounts	Risk Weighted Amounts	Risk Amounts	Risk Weighted Amounts
Total portfolios subject to the Advanced CVA capital obligation				
(i) VaR component (including the 3x multiplier)				
(ii) Stressed VaR component (including the 3x multiplier)				
All portfolios subject to the Standardised CVA capital obligation	12,872,026	4,648,339	20,256,756	6,743,838
Total subject to the CVA capital change	12,872,026	4,648,339	20,256,756	6,743,838

d.4. CCR Exposures by risk class and risk weights:

Current Period	Risk Weights								
	0%	10%	20%	50%	75 %	100%	150%	Other (1)	Total Credit Exposure
Risk Groups									
Conditional and unconditional exposures to sovereigns and their central banks	3,701,159								3,701,159
Conditional and unconditional exposures to regional and local governments									
Conditional and unconditional exposures to administrative bodies and non-commercial entities						609			609
Conditional and unconditional exposures to multilateral development banks									
Conditional and unconditional exposures to international organizations									
Conditional and unconditional exposures to banks and securities firms			5,030,098	6,326,963		1			11,357,062
Exposures to corporates			294,945	265,540		7,237,395			7,797,880
Retail exposures					33,068				33,068
Other exposures								6,151,960	6,151,960
Total	3,701,159		5,325,043	6,592,503	33,068	7,238,005		6,151,960	29,041,738

(1) Diğer alacaklar, "d.7. Merkezi karşı tarafa olan riskler" tablosunda raporlanan tutarları içerir.

Prior Period	Risk Weights								
	0%	10%	20%	50%	75 %	100%	150%	Other (1)	Total Credit Exposure
Risk Groups									
Conditional and unconditional exposures to sovereigns and their central banks	9,501,019								9,501,019
Conditional and unconditional exposures to regional and local governments									
Conditional and unconditional exposures to administrative bodies and non-commercial entities						5,788			5,788
Conditional and unconditional exposures to multilateral development banks									
Conditional and unconditional exposures to international organizations									
Conditional and unconditional exposures to banks and securities firms			2,822,386	5,339,074					8,161,460
Exposures to corporates			256,646	343,990		6,852,442			7,453,078
Retail exposures					32,240				32,240
Other exposures								507,740	507,740
Total	9,501,019		3,079,032	5,683,064	32,240	6,858,230		507,740	25,661,325

(1) Diğer alacaklar, "d.7. Merkezi karşı tarafa olan riskler" tablosunda raporlanan tutarları içerir.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

d.5. Collateral for CCR:

Current Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Received Collateral		Given Collateral			
	Segregated	Not Segregated	Segregated	Not Segregated	Received Collateral	Given Collateral
Cash- Domestic Currency					27.918.747	
Cash- Other Currencies					14.516.341	
Government bills/bonds-Domestic					176.935	
Total					42.612.023	
Önceki Dönem	Collateral used in derivative transactions				Collateral used in other transactions	
	Alınan Teminatlar		Verilen Teminatlar			
	Segregated	Not Segregated	Segregated	Not Segregated	Alınan Teminatlar	Verilen Teminatlar
Cash- Domestic Currency					40.504.926	
Cash- Other Currencies					10.535.283	
Government bills/bonds- Domestic					297.843	
Total					51.338.052	

d.6. Credit derivatives exposures:

None.

d.7. Exposures to central counterparties (CCP):

	Current Period		Prior Period	
	Post CRM risk exposure	RWA	Post CRM risk exposure	RWA
Exposure to Qualified Central Counterparties (QCCPs) (total)		134.661		12.738
Exposures for trades at WCCPs (excluding initial margin and default fund contributions); of which	6.151.960	123.039	507.740	10.155
(i) OTC Derivatives	6.141.646	122.833	505.714	10.114
(ii) Exchange-traded Derivatives				
(iii) Repo-reverse transactions, credit securities transactions and securities or commodities lending or borrowing	10.314	206	2.026	41
(iv) Netting sets where cross-product has been approved				
Segregated initial margin	276.977		194.244	
Non-segregated initial margin				
Paid guarantee fund amount	69.551	11.622	101.545	2.583
Unpaid guarantee fund commitment				
Exposures to non-QCCPs (total)				
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which				
(i) OTC Derivatives				
(ii) Exchange-traded Derivatives				
(iii) Repo-reverse transactions, credit securities transactions and securities or commodities lending or borrowing				
(iv) Netting sets where cross-product has been approved				
Segregated initial margin				
Non-segregated initial margin				
Pre-funded default fund contributions				
Unfunded default fund contributions				

e. Explanations on securitisations:

None.

f. f.Explanations on Market Risk:

f.1. Qualitative information disclosed to the public regarding Market Risk

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Market risk is defined as the risk that may reduce the market value of the trading portfolio due to the changes in the risk factors named interest rate, exchange rates, equities and the price of commodities and options.

The procedures for the management of market risk are discussed in the Parent Bank's "Asset and Liability Management Risk Policy" and those procedures are in line with the risk/return expectations and with the limits that are defined in the risk appetite framework. Limits related to market risk; are established by the Board and are revised periodically in order to reflect market conditions and best practices in the industry. Compliance to those limits is closely monitored by the Risk Management Department, Asset and Liability Management Committee and by the executive departments. Additionally, compliance with the provisions relating to the procedures and policies of market risk management is audited by the internal audit system.

Trading activities of the securities that are included in the calculation of market risk is carried out by taking the Asset-Liability Management Committee decisions, risk policies and established limits into consideration and risks arising due to these activities are hedged using derivatives transactions where necessary.

Measurement of market risk, reporting of results, and monitoring compliance with the risk limits are among the key responsibilities of the Risk Management Department. Analyses related to market risk are reported to the Risk Committee and to the Board via the Audit Committee by the Risk Management Department.

The trading book of the Parent Bank included in market risk calculations consists of on balance-sheet financial assets that are held for trading intent, derivatives that provide hedge to those instruments and foreign currency positions. The market risk carried by the Group is measured and monitored using methods known respectively as the Standard Method and the Value at Risk Model (VAR) and Expected Shortfall in accordance with the local regulations which are established in compliance with the international legislations. In this context, the exchange rate risk emerges as the most important component of the market risk.

The market risk calculations using the Standard Method are performed at the end of each month and the measurement results are included in the statutory reports as well as being reported to the Bank's top management.

The Value at Risk Model and Expected Shortfall is another alternative for the Standard Method used for measuring and monitoring market risk. This model is used to measure the market risk on a daily basis in terms of interest rate risk, currency risk and equity share risk and is a part of the Bank's daily internal reporting. Further retrospective testing (back-testing) is carried out on a daily basis to determine the reliability of the daily risk calculation by the VAR model, which is used to estimate the maximum possible loss for the following day.

Scenario analyses which support the VAR model used to measure the losses that may occur in the ordinary market conditions are practiced, and the possible impacts of scenarios that are developed based on the future predictions and the past crises, on the value of the Bank's portfolio

f.2. Standardised Approach

	RWA	
	Current Period	Prior Period
Outright Products	41,380,414	21,625,301
Interest rate risk (general and specific)	6,589,513	4,991,613
Equity risk (general and specific)	6,289,388	1,222,400
Foreign exchange risk	24,489,138	12,624,138
Commodity risk	4,012,375	2,787,150
Options	839,949	1,049,024
Simplified approach		
Delta-plus method	839,949	1,049,024
Scenario approach		
Securitisations		
Total	42,220,363	22,674,325

g. Explanations on Operational Risk

The operational risk capital requirement is calculated according to "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" article number 24, is measured using the Basic Indicator Approach once a year in parallel with domestic regulations. As of December 31, 2022, the consolidated operational risk amount is TL 65,807,811 information about the calculation is given below (December 31, 2021: TL 51,469,094).

Current Period	2PP Amount	1PP Amount	CP Amount	Total/Positive Years of Gross Income Amount	Rate (%)	Total
Gross Income	24,912,326	35,126,147	45,254,025	3	15	5,264,625
Value at operational risk (Total*12.5)						65,807,811

Prior Period	2PP Amount	1PP Amount	CP Amount	Total/Positive Years of Gross Income Amount	Rate (%)	Total
Gross Income	22,312,078	24,912,326	35,126,147	3	15	4,117,528
Value at operational risk (Total*12.5)						51,469,094

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h. The interest rate risk of the banking book items:

Interest rate risk arising from the banking accounts is defined as negative effect risk on capital of the changes in market interest rates due to differences in interest settlement and re-pricing on, differences in interest-earning assets taking part in the banking book; interest-bearing liabilities; interest-bearing derivative transactions inclusive of the policies established by the Board of Directors, is managed within the framework of the strategies set by the Parent Bank Asset-Liability Management Committee. Compliance with internal risk limits for banking portfolio is closely and continuously monitored by the Risk Management Department and Asset-Liability Managemant Committee and the measurement results are reported to the Board of Directors on a monthly basis.

Duration and sensitivity analysis are conducted on a monthly basis by the Bank in the scope of monitoring of interest rate risk arising from the banking books about Interest Rate Risk in the Banking Accounts from the Regulation on Measurement and Assessment of Standard Shock Method which is published in the Official Gazette No. 28034 dated August 23, 2011. In the duration analysis, the maturity gap between assets and liabilities of the balance sheet are determined by the calculation of the weighted average maturities based on the asset that sensitive to interest rate and liabilities and off-balance sheet transactions re-pricing period. In the interest rate risk sensitivity analysis, the influence of the various interest rate change scenarios to the economic value of the Bank's capital is examined.

In the calculations made within the framework of the said regulation, behavioral maturity modeling is performed for demand deposits with low sensitivity to interest changes and whose original maturity is longer than the contractual maturity. In these studies, which are defined as core deposit analysis, based on historical data, calculations are made for what amount of demand deposits will remain within the bank for what maturity, and these analyzes are used as an input in quantifying the interest rate risk arising from banking accounts in a way that does not contradict legal provisions.

Currency	Applied Shock (+/- x basis point)	Gains Loss	Revenue/Shareholders' Equity – Loss/ Shareholders' Equity
TL	(+) 500	(11,670,706)	(5.17) %
TL	(-) 400	10,850,819	4.81%
EUR	(+) 200	1,455,039	0.64%
EUR	(-) 200	(1,457,745)	(0.65) %
USD	(+) 200	(1,984,592)	(0.88) %
USD	(-) 200	3,182,748	1.41%
Total (for Negative Shocks)		12,575,822	5.57%
Total (for Positive Shocks)		(12,200,259)	(5.41) %

i. Remuneration policy:

The Remuneration Committee, which is established to carry out the duties and activities related to the monitoring and supervision of the Bank's remuneration applications on behalf of the Board of Directors, consists of two members. The Remuneration Committee meets at least twice a year, not exceeding six months, and reports to the Board of Directors on the results of the activities carried out and important matters considered to have an impact on the Bank's position. As of the end of 2022, the Remuneration Committee met 8 times and made a total of 12 decisions.

Regarding compliance with the Corporate Governance Principles, the Remuneration Committee monitors and supervises the practices related to wage management on behalf of the Board of Directors; the fees are in line with the Bank's ethical values, internal balances and strategic objectives; the evaluation of the remuneration policy and its practices in the context of risk management; it is responsible for the presentation of the proposals determined in line with the requirements of the salary policy and the other responsibilities determined by the provisions of the applicable legislation and the fulfillment of the duties given by the Board of Directors in this framework.

As of the end of 2022, the number of qualified employees working at the Bank is 29.

The monetary and social rights of employees are determined in accordance with the Chartering Policy in the framework of the legislation related to the Collective Labor Agreement. The Bank carries out its practices with regard to remuneration policies within the framework of relevant banking and capital market legislation. This policy includes all managers and employees.

Premium payments are made once a year to managers and managers who work in branches and headquarters units. It is considered that managerial premium payments are in line with the Bank's long-term strategy and the risks assumed, as well as the performance of its employees. There are no variable fees for qualified employees in the Bank.

The compliance of the wage levels in the bank with the sector wage levels is monitored by participating in independent and anonymous wage surveys, which are held twice a year.

Within the scope of the remuneration policy, the Bank's pricing practices are planned and executed on the basis of effective risk management, prevention of excessive risk taking, compliance with relevant legislation and scope and structure of the bank's activities, strategies, long-term objectives and risk management structures.

The fees to be paid to the managers and employees of the Bank at every stage; It is essential that the Bank is in line with its ethical values, internal balances and strategic objectives, and that it is not only associated with its short-term performance.

Payments made to employees are determined in a manner that will positively impact the Bank's corporate values and on the basis of objective conditions.

Payments to be made to the managers of the units within the internal systems and to their staff are determined by taking into account the performance of the relevant personnel in relation to their functions, as they are in the audit or oversight, or are independent of the performance of the activity unit they control.

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XII. Explanations on Segment Reporting

The Group's activities are classified under corporate/commercial banking, retail/private banking, treasury operations and investment activities, insurance and reinsurance activities and others.

Services to the large corporations, SMEs and other trading companies are provided through various financial instruments within the scope of the corporate and commercial operations. Services such as project financing, operating and investment loans, deposit and cash management, credit cards, cheques and bills, foreign trade transactions and financing, letter of guarantee, letter of credit, forfeiting, foreign currency trading, bill collections, payrolls, investment accounts, tax collections and other banking services are provided to the aforementioned customer segments.

Retail banking services include deposits, consumer loans, overdraft accounts, credit cards, bill collections, remittances, foreign currency trading, safe-deposit boxes, insurance, tax collections, and investment accounts and other banking services for individuals. All kinds of financing and cash management services provided to individuals in the high-income level are recognized as Private Banking activities.

Treasury transactions are comprised of medium and long-term funding tools such as securities trading, money market transactions, spot and forward TL and foreign currency trading, and derivative transactions such as forwards, swaps, futures and options, as well as syndications and securitizations. Investment activities of intermediary institutions and venture capital and real estate investment partnerships are also classified in this area. Investments of subsidiaries who operate in the real sector, investments of associates who operate both in financial and real sector and investments of jointly controlled entities that are presented in the consolidated financial statements are evaluated within the scope of investment activities.

Insurance and reinsurance activities include individual pension, life/non-life insurance transactions and reinsurance transactions.

The Group's financial leasing, factoring, asset management, portfolio management and payment service activities are classified under the 'Other' heading.

Information about The Group's segments are presented below.

Current Period	Corporate / Commercial Banking	Individual / Private Banking	Treasury Transaction/ Investment Activities	Insurance and Reinsurance Activities	Other/	Toplam
Interest Income	67,042,585	20,194,594	49,296,102		4,058,692	140,591,973
Interest Expense	16,977,011	16,265,665	15,667,828	52	5,250,041	54,160,597
Fees and Commissions Income	14,347,822	5,207,277	1,541,524	169,345	852,247	22,118,215
Fees and Commissions Expense	7,894	4,238	203,956	2,449,744	4,780,968	7,446,800
Dividend Income			263,526			263,526
Trading Income/Loss (Net)			19,477,788			19,477,788
Other Income	3,173,448	503,115	6,078,934	20,192,624	2,625,765	32,573,886
Expected Credit Loss and Other Provision Expenses	7,017,495	1,568,084	141,934	209,159	10,294,403	19,231,075
Other Operating Expense	5,592,533	13,410,401	1,321,083	22,851,051	16,706,576	59,881,644
Income/Loss from Investments in Subsidiaries Accounted by Equity Method			10,205,448			10,205,448
Income Before Tax						84,510,720
Tax Provision						15,453,038
Net Period Profit						69,057,682
Group Profit/Loss						61,598,670
Minority Interest Profit/Loss						7,459,012
Total Assets	672,190,029	157,614,122	491,060,752	90,261,982	304,304,684	1,715,431,569
Total Liabilities	480,658,344	495,054,758	281,996,061	127,426,701	330,295,705	1,715,431,569

Current Period	Corporate / Commercial Banking	Individual / Private Banking	Treasury Transaction/ Investment Activities	Insurance and Reinsurance Activities	Other/	Toplam
Interest Income	35,382,354	12,353,944	19,913,033		1,799,856	69,449,187
Interest Expense	6,667,695	10,642,224	13,683,018	21	1,537,406	32,530,364
Fees and Commissions Income	6,236,181	2,709,306	837,356	95,798	612,123	10,490,764
Fees and Commissions Expense	13,499		103,959	1,514,562	2,166,889	3,798,909
Dividend Income			68,548			68,548
Trading Income/Loss (Net)			703,452			703,452
Other Income	2,633,690	307,201	1,121,310	11,010,299	1,811,190	16,883,690
Expected Credit Loss and Other Provision Expenses	7,091,015	688,195	73,446	137,851	8,819,983	16,810,490
Other Operating Expense	2,543,719	6,078,683	677,308	12,703,259	8,378,440	30,381,409
Income/Loss from Investments in Subsidiaries Accounted by Equity Method			4,874,850			4,874,850
Income Before Tax						18,949,319
Tax Provision						3,389,061
Net Period Profit						15,560,258
Group Profit/Loss						13,541,060
Minority Interest Profit/Loss						2,019,198
Total Assets	469,775,712	99,696,826	276,497,395	50,825,252	227,608,888	1,124,404,073
Total Liabilities	305,769,418	338,253,903	247,862,699	72,750,401	159,767,652	1,124,404,073

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

SECTION FIVE: DISCLOSURES AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. DISCLOSURES AND FOOTNOTES ON CONSOLIDATED ASSETS

a. Cash and Central Bank of the Republic of Turkey:

a.1. Information on Cash and Balances with the Central Bank of the Republic of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL / Foreign Currency	4,109,112	11,719,560	2,627,722	12,234,865
Central Bank of the Republic of Turkey	17,609,487	167,972,940	14,667,660	154,122,778
Other		434,800		368,200
Total	21,718,599	180,127,300	17,295,382	166,725,843

a.2. Information on Balances with the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	17,609,487	45,917,045	14,667,660	66,691,645
Unrestricted Time Deposit				
Restricted Time Deposit		7,453,446		
Other (1)		114,602,449		87,431,133
Total	17,609,487	167,972,940	14,667,660	154,122,778

(1) The amount of reserve deposits held at the Central Bank of the Republic of Turkey.

a.3. Explanations on reserve requirement application:

As per the Communiqué no. 2013/15 “Reserve Deposits” of the Central Bank of the Republic of Turkey (“CBRT”), banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué. The reserve deposit rates vary according to their maturity compositions; the reserve deposit rates are realized between 3% - 8% for TL deposits and other liabilities, between 19% - 26% for FC deposits and precious metal deposit accounts and between 5% - 21% for other FC liabilities. Liabilities subject to required reserves are calculated and set aside every two weeks on Friday for 14-day periods.

According to the Communiqué on Required Reserves published in the Official Gazette dated 01.07.2021 and numbered 31528, the possibility of establishing Turkish lira required reserves in foreign currency was terminated as of 01.10.2021.

Within the scope of the CBRT's Communiqué numbered 2021/14, additional required reserve and commission application for foreign currency deposit accounts, effective as of 02.09.2022, according to the conversion rate into Turkish lira time deposit accounts; It has been terminated with the Communiqué numbered 2022/30 published in the Official Gazette dated 31.12.2022 and numbered 32060 with the 5th repetition, effective from the liability period dated 23.12.2022.

On the other hand, as of 23.12.2022, the commission rate to be calculated over the required reserve amount for foreign currency deposit liabilities; In both real and legal person deposits, it is determined as 8% per annum for banks with a Turkish Lira deposit share below 50%, and 3% per annum for banks with a 50% to 60% deposit share.

b. Information on Financial Assets at Fair Value through Profit and Loss:

b.1. Financial assets at fair value through profit and loss, which are given as collateral or blocked:

Financial assets at fair value through profit and loss, which are given as collateral or blocked as of 31 December 2022, amount to TL 16,575,962 (December 31, 2021: 5,872,223 TL).

b.2. Financial assets at fair value through profit and loss, which are subject to repurchase agreements:

Financial assets at fair value through profit and loss, which are subject to repurchase agreements as of 31 December 2022, amount to TL 217,562 (December 31, 2021: TL 164,956).

b.3. All creditors including the Group reached an agreement on restructuring the loans granted to a company. As previously stated, loans of the company had been planning to be restructured based on required permits and necessary approvals within a new special purpose entity which was already incorporated or will be incorporated in the Republic of Turkey and owned by the creditors either directly or indirectly through takeover of the shares, that have been pledged by the company as a guarantee for the credit risk. Above mentioned process was completed in 2018 and, in this context the Bank owns 11.5972% and Türkiye Sinai Kalkınma Bankası A.Ş., a group company, owns 1.6172% of the newly formed special purpose entity.

At the Ordinary Meeting of the General Assembly of 2018 held in 2019, it has been decided to increase the share capital of the mentioned company by TL 3,982,230, all to be covered by common receivables. Whereas the Bank's and Türkiye Sinai Kalkınma Bankası A.Ş.' ownership ratio in company share have not changed, the nominal value of the shares owned increased from TL 6 to TL 461,833 and from TL 1 to TL 64,403 respectively. Related amount is held under Assets Held for Sale and Discontinued Operations account, while the loan amount remaining after the capital increase is held under the Financial Assets at Fair Value Through Profit and Loss item on 10.03.2022, a share transfer agreement was signed between the company and TVF for the sale of all A group registered shares, corresponding to 55% of the company's capital, to Türkiye Varlık Fonu (TVF) and On 31.03.2022, the sale and transfer transaction was realized.

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After the collection of the sales process, any special purpose entity that is the subject of the guarantee granted to the company which is under Financial Assets at Fair Value Through Profit and Loss and the loan amounting to TL 4,475,966, for which impairment provision has been made, was classified as non-performing loans as of 30.06.2022 and it was written off within the framework of the " Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans ".

The shares in the amount of TL 526,236, which are tracked under “Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations” and were reserved for the entire decrease in value, were deleted from the asset together with the decrease in value provision within the scope of registration of the liquidation of the company in the Türkiye Sicil Gazetesi dated 28.12.2022 and numbered 10735.

b.4. TL 2,039,931 of other financial assets consists of the mutual funds; Quasar İstanbul Konut Gayrimenkul and Quasar İstanbul Ticari Gayrimenkul which were founded by İş Portföy Yönetimi A.Ş.

c. Positive differences on derivative financial assets held for trading:

Derivative Financial Assets at Fair Value through Profit or Loss (1)	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	316,139	708,561	329,876	1,746,980
Swap Transactions	83,046	16,423,805	168,837	20,505,483
Futures				
Options	214,537	180,080	255,887	456,389
Other		1,246,555		1,030,470
Total	613,722	18,559,001	754,600	23,739,322

(1) Includes information related to derivative financial assets held for trading in derivative financial assets. Information on derivative financial assets for hedging purposes is disclosed in Section Five footnote I.1.

d. Banks Account

d.1 Information on Banks:

	Current Period		Prior Period	
	TL	FC	TP	YP
Banks				
Domestic Banks	6,541,346	1,292,499	2.806.065	1.476.997
Foreign Banks	646,341	30,514,629	168.413	30.743.767
Foreign Head Office and Branches				
Total	7,187,687	31,807,128	2.974.478	32.220.764

d.2. Information on foreign banks:

	Current Period		Prior Period	
	Unrestricted Amount	Resticted Amount	Unrestricted Amount	Resticted Amount
EU Countries	11,433,821	1,310,185	11,894,315	2,569,797
USA, Canada	2,279,808		4,947,320	10,603
OECD Countries (1)	4,341,830	977,040	4,458,406	1,732,114
Off-shore Banking Regions				
Other	5,844,892	4,973,394	3,914,543	1,385,082
Total	23,900,351	7,260,619	25,214,584	5,697,596

(1) OECD countries other than the EU countries, USA and Canada.

Expected credit loss for cash and cash equivalents:

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Provisions beginning of the period	85,738			50,476		
Additional provisions within the period	74,131			52,272		
Transfers within the period	(25,179)			(29,196)		
Write-offs from Assets						
Transfer to Stage 1						
Transfer to Stage 2						
Transfer to Stage 3						
Currency Exchange Difference	35,466			12,186		
Provisions at the end of the period	170,156			85,738		

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

e. Information on Financial Assets at Fair Value through Other Comprehensive Income:

e.1. Information on financial assets at fair value through other comprehensive income, which are given as collateral or blocked:

Financial assets at fair value through other comprehensive income, which are given as collateral or blocked, amount to TL 73,609,538 as of 31 December 2022 (December 31, 2021: TL 30,366,014).

e.2. Information on financial assets at fair value through other comprehensive income, which are subject to repurchase agreements:

Financial assets at fair value through other comprehensive income which are subject to repurchase agreements amount to TL 39,707,583 as of 31 December 2022 (December 31, 2021: TL 34,943,986).

e.3. Information on financial assets at fair value through other comprehensive income:

	Current Period	Prior Period
Debt Securities	204,995,860	113,649,539
Quoted on a Stock Exchange	76,747,502	59,680,425
Not-Quoted (1)	128,248,358	53,969,114
Share Certificates	1,605,302	940,712
Quoted on a Stock Exchange	21,120	114,336
Not-Quoted	1,584,182	826,376
Provision for Impairment Losses (-)	5,943,972	5,382,509
Other	1,468,387	735,917
Total	202,125,577	109,943,659

(1) Refers to the debt securities, which are not quoted on the Stock Exchange, or which are not traded, while quoted, on the Stock Exchange at the end of the related period.

f. Information related to loans:

Leasing and factoring receivables are considered as loans in the footnotes of this section.

f.1. Leasing and factoring receivables are considered as loans in the footnotes of this section.

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Lending to Shareholders				
Corporate Shareholders				
Individual Shareholders				
Indirect Lending to Shareholders				
Loans and Other Receivables to Employees	598,361	1,418	359,600	1,404
Total	598,361	1,418	359,600	1,404

f.2. Information about the Standard Loans and Loans Under Close Monitoring and Loans Under Close Monitoring that have been restructured:

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinanced
Non-specialized loans	803,401,350	29,401,977	31,481,496	20,866,152
Corporation Loans	252,406,707	11,182,169	18,963,521	10,938,206
Export Loans	103,263,686	665,196	48,627	1,042,531
Import Loans				
Loans Extended to Financial Sector	32,072,472	1,779		
Consumer Loans	106,705,980	9,771,352	148,556	2,134,800
Credit Cards	84,734,146	2,849,769	1,091,940	
Other	224,218,359	4,931,712	11,228,852	6,750,615
Specialized Loans				
Other Receivables				
Total	803,401,350	29,401,977	31,481,496	20,866,152

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	4,718,789		4,191,349	
Significant Increase in Credit Risk		14,637,767		12,735,339

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

f.3. Information on Maturity analysis of cash loans:

Cash Credit	Standard Loans	Loans Under Close Monitoring	
		Loans Not Subject to Restructuring	Refinanced
Short-term Loans	338,314,288	6,559,317	3,581,039
Medium and Long-term Loans	465,087,062	22,842,660	48,766,609

f.4. Information on consumer loans, retail credit cards, personnel loans and personnel credit cards:

	Short-Term	Medium and Long-Term	Interest and Income Accruals	Total
Consumer Loans-TL	9,476,653	100,970,141	1,704,011	112,150,805
Real Estate Loans	52,801	28,685,188	354,540	29,092,529
Vehicle Loans	66,714	3,837,024	44,964	3,948,702
General Purpose Consumer Loans	9,357,138	68,447,929	1,304,507	79,109,574
Other				
Consumer Loans – FC Indexed		1,829	20,024	21,853
Real Estate Loans		1,829	20,024	21,853
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Consumer Loans – FC	159,345	207,611	1,391	368,347
Real Estate Loans		21,627	93	21,720
Vehicle Loans				
General Purpose Consumer Loans	159,345	185,984	1,298	346,627
Other				
Retail Credit Cards-TL	54,909,240	2,831,098	245,890	57,986,228
With Installments	24,789,032	2,831,098	62,206	27,682,336
Without Installments	30,120,208		183,684	30,303,892
Retail Credit Cards-FC	141,814			141,814
With Installments				
Without Installments	141,814			141,814
Personnel Loans-TL	36,014	170,597	5,187	211,798
Real Estate Loans		7,854	164	8,018
Vehicle Loans	515	2,693	43	3,251
General Purpose Consumer Loans	35,499	160,050	4,980	200,529
Other				
Personnel Loans- FC Indexed				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Personnel Loans-FC	353	5,452	62	5,867
Real Estate Loans		1,547	14	1,561
Vehicle Loans				
General Purpose Consumer Loans	353	3,905	48	4,306
Other				
Personnel Credit Cards-TL	311,164	7,202	423	318,789
With Installments	148,532	7,202		155,734
Without Installments	162,632		423	163,055
Personnel Credit Cards-FC	1,684			1,684
With Installments				
Without Installments	1,684			1,684
Overdraft Accounts – TL (real persons)	5,785,122		54,876	5,839,998
Overdraft Accounts – FC (real persons)	162,020			162,020
Total	70,983,409	104,193,930	2,031,864	177,209,203

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

f.5. Information on commercial installments loans and corporate credit cards:

	Short-Term	Medium and Long-Term	Interest and Income Accruals	Total
Commercial Loans with Installments-TL	24,126,058	73,604,896	1,429,058	99,160,012
Real Estate Loans	13,434	3,668,187	35,344	3,716,965
Vehicle Loans	3,645,983	24,329,585	281,916	28,257,484
General Purpose Commercial Loans	20,466,641	45,607,124	1,111,798	67,185,563
Other				
Commercial Loans with Installments-FC Indexed		85,235	359,634	444,869
Real Estate Loans		1,779	7,153	8,932
Vehicle Loans				
General Purpose Commercial Loans		83,456	352,481	435,937
Other				
Commercial Loans with Installments-FC	1,014,798	10,513,341	105,500	11,633,639
Real Estate Loans				
Vehicle Loans				
General Purpose Commercial Loans	82,158	9,628,680	93,271	9,804,109
Other	932,640	884,661	12,229	1,829,530
Corporate Credit Cards-TL	29,224,515	934,252	49,125	30,207,892
With Installments	15,768,852	934,166		16,703,018
Without Installments	13,455,663	86	49,125	13,504,874
Corporate Credit Cards-FC	19,448			19,448
With Installments				
Without Installments	19,448			19,448
Overdraft Accounts – TL	3,233,583		46,826	3,280,409
Overdraft Accounts – FC (corporate)				
Total	57,618,402	85,137,724	1,990,143	144,746,269

f.6. Distribution of credits according to users:

	Current Period	Prior Period
Public	7,172,079	7,291,579
Private	877,978,896	583,006,049
Total	885,150,975	590,297,628

f.7. Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	851,121,329	563,177,007
Foreign Loans	34,029,646	27,120,621
Total	885,150,975	590,297,628

f.8. Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	2,343,655	2,402,860
Indirect Loans Granted to Subsidiaries and Associates		
Total	2,343,655	2,402,860

f.9. Information on impairment provisions of Loans (Stage 3):

	Current Period	Prior Period
Loans with Limited Collectability	1,533,076	1,231,704
Loans with Doubtful Collectability	4,047,910	1,762,150
Uncollectible Loans	14,984,604	12,904,750
Total	20,565,590	15,898,604

f.10. Information on non-performing loans (Net):

f.10.1. Information on non-performing loans, which are restructured by the Group:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period			
(Gross amounts before the provisions)	1,486,706	1,782,784	6,373,775
Restructured Loans	1,486,706	1,782,784	6,373,775
Prior Period			
(Gross amounts before the provisions)	456,906	1,319,183	3,847,880
Restructured Loans	456,906	1,319,183	3,847,880

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

f.10.2. Information on the movement of total non-performing loans:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Prior Period Ending Balance	2,354,561	3,517,144	18,573,387
Corporate and Commercial Loans	1,788,214	3,064,120	17,263,217
Retail Loans	356,344	291,794	748,570
Credit Cards	210,003	161,230	436,120
Other			125,480
Additions (+)	11,006,542	393,416	4,650,863
Corporate and Commercial Loans	7,099,245	363,794	4,598,803
Retail Loans	2,743,777	20,771	29,900
Credit Cards	1,163,313	8,798	2,350
Other	207	53	19,810
Transfers from Other NPL Categories (+)	1,994	7,925,177	4,675,689
Corporate and Commercial Loans		5,171,431	3,205,034
Retail Loans	1,994	1,963,900	1,016,519
Credit Cards		789,639	453,876
Other		207	260
Transfers to Other NPL Categories (-)	7,924,347	4,677,683	830
Corporate and Commercial Loans	5,171,431	3,205,034	
Retail Loans	1,963,070	1,018,513	830
Credit Cards	789,639	453,876	
Other	207	260	
Collections (-)	2,465,737	1,004,086	5,290,970
Corporate and Commercial Loans	1,539,110	436,974	4,838,517
Retail Loans	578,909	373,169	310,131
Credit Cards	347,718	193,943	137,960
Other			4,362
Write-Offs (-) (1)	521	2,687	5,253,641
Corporate and Commercial Loans	179	2,333	5,164,691
Retail Loans	309	301	8,850
Credit Cards	33	53	6,308
Other			73,792
Debt Sale (-) (2)		31	363,943
Corporate and Commercial Loans			122,715
Retail Loans			139,108
Credit Cards		31	92,557
Other			9,563
Currency Exchange Effect	32,078	399,774	666,609
Corporate and Commercial Loans	30,319	394,694	646,868
Retail Loans	1,759	5,080	19,682
Credit Cards			
Other			59
Current Period Ending Balance	3,004,570	6,551,024	17,657,164
Corporate and Commercial Loans	2,207,058	5,349,698	15,587,999
Retail Loans	561,586	889,562	1,355,752
Credit Cards	235,926	311,764	655,521
Other			57,892
Specific Provisions (-)	1,533,076	4,047,910	14,984,604
Corporate and Commercial Loans	1,098,434	3,339,122	13,368,073
Retail Loans	299,277	514,171	1,009,106
Credit Cards	135,365	194,617	559,071
Other			48,354
Net Balance on Balance Sheet	1,471,494	2,503,114	2,672,560

(1) As part of the amendment to the "Regulation on Procedures and Principles on the Classification of Loans and Provisions to be Set Aside for Them" published in the Official Gazette No. 30961, receivables amounting to TL 5,169,896 were written off. Details of which are given in Note I.b.3 of Section Five, the loan amounting to TL 4.475.966, which is followed in financial assets at fair value through profit or loss classified as non-performing loans in the current period and has been written off within the framework of "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans".

(2) In the current period, the part of the receivables constitutes non-performing loans amounting to TL 363,974 are transferred to Emir Varlık Yönetim A.Ş. and İstanbul Varlık Yönetim A.Ş by collecting TL 76,500 of sales amount in cash.

After the sale of non-performing loans and the write-off, the consolidated non-performing loan ratio decreased from 3.57% to 2.98% as of 31.12.2022.

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

f.10.3. Information on foreign currency non-performing loans:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period			
Balance at the End of the Period	1,449,347	3,293,071	10,598,027
Provisions (-)	653,655	1,566,847	9,161,617
Net Balance on Balance Sheet (1)	795,692	1,726,224	1,436,410
Prior Period			
Balance at the End of the Period	931,130	2,390,456	11,033,205
Provisions (-)	447,079	1,141,904	6,923,386
Net Balance on Balance Sheet (1)	484,051	1,248,552	4,109,819

(1) In addition to the loans extended in foreign currency, loans which are monitored in Turkish Lira are included.

f.10.4. Information on gross and net non-performing loans as per customer categories:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	1,471,494	2,503,114	2,672,560
Loans to Individuals and Corporate (Gross)	3,004,570	6,551,024	17,599,272
Provisions (-)	1,533,076	4,047,910	14,936,250
Loans to Individuals and Corporate (Net)	1,471,494	2,503,114	2,663,022
Banks (Gross)			
Provisions (-)			
Banks (Net)			
Other Loans (Gross)			57,892
Provisions (-)			48,354
Other Loans (Net)			9,538
Prior Period (Net)	1,122,857	1,754,994	5,668,637
Loans to Individuals and Corporate (Gross)	2,354,561	3,517,144	18,447,907
Provisions (-)	1,231,704	1,762,150	12,789,895
Loans to Individuals and Corporate (Net)	1,122,857	1,754,994	5,658,012
Banks (Gross)			
Provisions (-)			
Banks (Net)			
Other Loans (Gross)			125,480
Provisions (-)			114,855
Other Loans (Net)			10,625

f.10.5. Information on interest accruals, valuation differences and related provisions calculated for non-performing loans:

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	80,448	353,634	251,539
Interest accruals and valuation differences	157,677	1,025,286	1,519,085
Provisions (-)	77,229	671,652	1,267,546
Prior Period (Net)	107,756	424,694	392,732
Interest accruals and valuation differences	210,639	841,748	1,473,886
Provisions (-)	102,883	417,054	1,081,154

f.10.6. Outline of the liquidation policy for uncollectible loans and other receivables:

In order to ensure the liquidation of non-performing loans, all possibilities evaluated to ensure maximum collection according to the legislation. First of all, administrative initiatives are taken to deal with the borrower. Collection through legal proceedings used if there is no possibility of collection and configuration with the interviews for other receivables.

Our receivables that cannot be collected through administrative and legal initiatives can be written off from the assets within the framework of portfolio-based receivables sales or write-offs, by fulfilling the requirements of the Tax Procedure Law.

f.10.7. Explanations on write-off policy:

Receivables classified as non-performing loans are collected primarily within the framework of administrative contacts with the debtors, and if no result is obtained, through legal means. In this context, if our uncollected receivables are deleted from assets, one of the methods of destruction, receivable sale and deregistration can be applied.

In the Bank's write-off policy within the framework following the amendment made in Article 53 of the Banking Law with the Law on Income Tax and amending Certain Laws No. 19.07.2019/7186, along with the "Classification of Loans and the Procedures and Principles for the Reserves to be Allocated for Them" published in the Official Gazette No. 27.11.2019 / 30961, the following statements are issued:

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

- The portion of the receivables, which are followed under the Fifth Group-Loans with a Loss Qualification and for which a lifetime expected credit loss provision has been made due to the default of the debtor, for which there is no reasonable expectation of its collection, can be write-off to the extent of the maximum provision amount,

- Write-off is an accounting practice and does not result in the waiver of the receivable,

The Bank's general policy for write-offs of receivables under follow-up is to write of such receivables that are proven to be uncollectible in legal follow-up process within the instructions of Tax Procedure Law.

Expected Credit Loss:

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Provisions beginning of the period	4,191,349	12,735,339	15,898,604	3,094,850	8,564,927	14,371,889
Additional provisions within the period	7,822,416	6,611,081	12,402,374	3,744,299	6,839,036	4,134,573
Transfers within the period	(7,765,588)	(3,892,653)	(3,857,344)	(2,855,083)	(2,394,649)	(2,249,174)
Write-offs from Assets			(5,613,004)			(2,013,743)
Transfer to Stage 1	492,459	(475,851)	(16,608)	506,839	(498,512)	(8,327)
Transfer to Stage 2	(237,419)	312,730	(75,311)	(647,781)	774,317	(126,536)
Transfer to Stage 3	(57,539)	(1,407,522)	1,465,061	(26,272)	(1,334,981)	1,361,253
Currency Exchange Difference	273,111	754,643	361,818	374,497	785,201	428,669
Provisions at the end of the period	4,718,789	14,637,767	20,565,590	4,191,349	12,735,339	15,898,604

g. Financial Assets Measured at Amortized Cost:

g.1. Financial Assets Measured at Amortized Cost given as collateral or blocked:

Financial assets measured at Amortized cost given as collateral or blocked amount to TL 61,281,906 as at December 31, 2022 (December 31, 2021: TL 11,735,769).

g.2. Financial Assets Measured at Amortized Cost subject to repurchase agreements:

Financial assets measured at Amortized cost, which are subject to repurchase agreements amount to TL 7,166,511 at December 31, 2022 (December 31, 2021: TL 17,843,004).

g.3. Information on government securities measured at Amortized cost:

	Current Period	Prior Period
Government Bonds	100,256,173	47,975,957
Treasury Bills		
Other Public Debt Securities		
Total	100,256,173	47,975,957

g.4. Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt Securities	106,956,161	51,545,328
Quoted on a Stock Exchange	96,996,697	48,798,039
Not Quoted (1)	9,959,464	2,747,289
Impairment Losses (-)		
Total	106,956,161	51,545,328

(1) Indicates unlisted debt securities, and debt securities that have not been traded at the end of the related periods while they are listed.

g.5. Movement of financial assets measured at amortized cost within the year:

	Current Period	Prior Period
Beginning Balance	51,545,328	45,604,603
Foreign Exchange Differences Arising on Monetary Assets	3,782,273	3,677,166
Purchases During the Year	60,382,102	16,224,952
Transfers	2,022,376	
Disposals through Sales and Redemption	(21,574,387)	(16,481,168)
Impairment Losses (-)		
Valuation Effect	10,798,469	2,519,775
Balance at the End of the Period	106,956,161	51,545,328

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

Expected credit loss for financial assets measured at amortised cost:

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Provisions beginning of the period	28,994			17,755		
Additional provisions within the period	61,491			21,565		
Transfers within the period	(23,194)			(11,283)		
Write-offs from Assets						
Transfer to Stage 1						
Transfer to Stage 2						
Transfer to Stage 3						
Currency Exchange Difference	1,379			957		
Provisions at the end of the period	68,670			28,994		

h. Information on Associates (Net):

As per the “Communiqué on Preparation of Consolidated Financial Statements of Banks”, credit institutions or financial institutions associates are included in the scope of consolidated financial statements. Within this context, credit institutions and financial associates are accounted in the consolidated financial statements according to TAS 28 - Investments in Associates and Joint Ventures”.

h.1. Information on credit institution or financial institution associates that are not accounted by the equity method: None.

h.2. Information on credit institution or financial institution associates that are accounted by the equity method:

Title	Address (City/ Country)	Bank's Share Percentage-If Different. Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
Arap-Türk Bankası A.Ş.	İstanbul/Turkey	20.58	79.42

Information on financial statements of associates in the above order:

Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (1)	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
12,228,874	1,872,216	584,891	708,973	63	215,338	163,288	

(1) Includes interest income on securities.

h.3. Movement of investments in consolidated associates (1):

	Current Period	Prior Period
Beginning Balance	280,196	242,174
Movements during the period		
Purchases		
Bonus shares acquired		
Dividends received from the current year profit		
Sales		
Revaluation Increase (2)	105,029	38,022
Impairment		
Balance at the end of the period	385,225	280,196
Capital commitments		
Contribution in equity at the end of the period (%)		

(1) Includes the information related to associate which is a credit institution in which the Bank has direct shares.

(2) Includes the equity method accounting differences.

h.4. Sectoral information on consolidated associates and the related carrying amounts (1):

	Current Period	Prior Period
Banks	385,225	280,196
Insurance Companies		
Factoring Companies		
Leasing Companies		
Finance Companies		
Other Financial Participations		
Total	385,225	280,196

(1) Includes the information related to associate which is a credit institution in which the Bank has direct shares.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

h.5. Consolidated associates traded on a stock exchange: None.

h.6. Consolidated associates disposed of in the current period: None.

h.7. Consolidated associates acquired in the current period: None.

h.8. Other issues related to associates:

The accounting method for non-financial subsidiaries, associates and jointly controlled associates is changed in accordance with TAS 27 “Individual Financial Statements” to the equity method introduced in TAS 28. The effects of these changes are given in Section Three III.2 numbered footnotes in detail.

i. Information on subsidiaries (Net):

As per the “Communiqué on Preparation of Consolidated Financial Statements of Banks”, the Bank includes credit institutions or financial institutions subsidiaries in the scope of consolidated financial statements.:

i.1. Information on the equity of major subsidiaries:

	Türkiye Sınai Kalkınma Bankası A.Ş.	Sigorta / Reasürans Şirketleri	İş Gayrimenkul Yatırım Ortaklığı A.Ş	İşbank AG	İş Yatırım Menkul Değerler A.Ş	İş Finansal Kiralama A.Ş
COMMON EQUITY TIER I CAPITAL						
Common Equity Tier I Capital Before Deductions	13,192,070	14,607,148	13,925,551	7,526,750	6,815,919	3,432,832
Deductions from Common Equity Tier I Capital (-)	497,007	461,922	7,969	160,365	111,128	16,363
Total Common Equity Tier I Capital	12,695,063	14,145,226	13,917,582	7,366,385	6,704,791	3,416,469
ADDITIONAL TIER I CAPITAL						
Additional Tier I Capital before Deductions						
Deductions from Additional Tier I Capital (-)						
Total Capital	12,695,063	14,145,226	13,917,582	7,366,385	6,704,791	3,416,469
TIER II CAPITAL						
Tier II Capital Before Deductions	4,587,995					
Deduction from Tier II Capital (-)						
Total Additional Tier II Capital	4,587,995					
Total Capital and Tier II Capital	17,283,058	14,145,226	13,917,582	7,366,385	6,704,791	3,416,469
Deductions from Total Capital and Additional Tier I Capital (-)						
CAPITAL	17,283,058	14,145,226	13,917,582	7,366,385	6,704,791	3,416,469

i.2. Information on unconsolidated subsidiaries: None.

i.3. Information on consolidated subsidiaries:

	Title	Address (City/ Country)	Bank's Share Percentage-If Different. Voting Rights (%) (1)	Bank's Risk Group Share Percentage (%)
1	Anadolu Anonim Türk Sigorta Şirketi	İstanbul/Turkey	50.21	49.79
2	Anadolu Hayat Emeklilik A.Ş.	İstanbul/Turkey	74.81	25.19
3	Efes Varlık Yönetim A.Ş.	İstanbul/Turkey	66.28	33.72
4	İş Faktoring A.Ş.	İstanbul/Turkey	46.43	53.57
5	İş Finansal Kiralama A.Ş.	İstanbul/Turkey	45.33	54.67
6	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	60.47	39.53
7	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	35.37	64.63
8	İş Portföy Yönetimi A.Ş.	İstanbul/Turkey	67.47	32.53
9	İş Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	67.98	32.02
10	İş Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	24.97	75.03
11	İşbank AG	Frankfurt/Germany	100.00	0.00
12	JSC İşbank	Moscow/Russia	100.00	0.00
13	JSC İsbank Georgia	Tbilisi/Georgia	100.00	0.00
14	Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul/Turkey	67.98	32.02
15	Maxis Investments Ltd.	London/England	67.98	32.02
16	Milli Reasürans T.A.Ş.	İstanbul/Turkey	87.60	12.40
17	Moka Ödeme ve Elektronik Para Kuruluşu A.Ş.	İstanbul/Turkey	100.00	0.00
18	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	44.78	55.22
19	Türkiye Sınai Kalkınma Bankası A.Ş.	İstanbul/Turkey	50.46	49.54
20	Yatırım Finansman Menkul Değerler A.Ş.	İstanbul/Turkey	48.90	51.10
21	Yatırım Varlık Kiralama A.Ş.	İstanbul/Turkey	48.90	51.10

(1) Indirect share of the Group is considered as the Parent Bank's share percentage.

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Financial statement information related to consolidated subsidiaries in the above order:

	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (1)	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value (2)	Additional Shareholders' Equity Required
1	29,414,397	4,756,818	711,866	970,550	2,164,228	1,323,552	589,835	7,915,000	
2	90,659,179	3,466,207	215,301	1,038,678	513,911	1,391,752	699,988	9,848,720	
3	214,053	176,588	10,539	143,097	871	51,395	23,631		
4	16,429,140	1,420,458	15,331	1,691,251	9,872	445,386	121,372		
5	36,330,079	3,744,045	60,515	3,330,338	19,602	826,766	310,063	5,605,530	
6	17,417,219	13,920,236	13,959,708	44,469	277,409	44,469	1,329,920	10,286,429	
7	1,011,126	1,007,356	3,412	10,362	4,086	732,001	11,976	1,305,000	
8	508,178	451,600	8,202	41,880	54,637	224,749	97,016		
9	35,809,603	7,267,688	206,268	76,171	1,756,373	4,529,607	1,233,477	22,215,545	
10	320,451	313,600	897	24,973	51,616	80,245	50,811	828,532	
11	33,318,257	7,920,657	346,362	878,024		323,549	143,158		
12	4,525,552	1,633,192	100,257	408,306		478,226	12,739		
13	2,917,655	828,210	57,507	166,509		82,366	28,165		
14	29,360	18,949	7,111	592	1,384	8,969	4,691		
15	1,063,857	134,575	4,923	4,255		31,829	12,484		
16	12,400,448	5,055,936	2,449,885	518,181	222,160	888,620	548,966		
17	468,170	46,570	6,047	4,024		2,351	2,143		
18	1,817,662	1,809,469	1,780,819	3,624		1,069,466	124,879	3,396,900	
19	117,621,660	12,992,456	1,983,415	10,374,234	110,483	4,105,739	1,097,309	12,280,800	
20	3,706,023	346,228	11,486	267,574	87,029	115,122	66,201		
21	178,642	303				66	49		

(1) Includes interest income on securities.

(2) Fair value is the companies' market value.

i.4. Movement of investments in subsidiaries (1):

	Current Period	Prior Period
Balance at the Beginning of the Period	17,613,057	13,004,921
Movements in the Period		
Purchases (2)	2,714,715	135,635
Bonus Shares Acquired		
Dividends Received from the Current Year Profit		
Sales		
Revaluation Surplus/Deficit (3)	17,045,598	4,472,501
Impairment		
Balance at the End of the Period	37,373,370	17,613,057
Capital Commitments		
Contribution in equity at the end of the period (%)		

(1) Reveals the information related to companies subject to consolidation in which Bank directly owns share.

(2) The amount in the current period is due to the capital increase of İşbank AG and the amount in the prior period is due to the purchasing shares of Moka Ödeme ve Elektronik Para Kuruluşu A.Ş. by cash and Türkiye Sınai Kalkınma Bankası A.Ş., İş Gayrimenkul Yatırım Ortaklığı A.Ş. and İş Yatırım Menkul Değerler A.Ş. shares followed in the Financial Assets at Fair Value Through Profit or Loss account is classified under subsidiaries along with the capital increase.

(3) Includes accounting differences by equity method.

i.5. Sectoral information on consolidated subsidiaries and the related carrying amounts (1):

	Current Period	Prior Period
Banks	16,800,054	8,036,340
Insurance Companies	7,310,823	4,353,568
Factoring Companies		
Leasing Companies	937,316	544,978
Finance Companies		
Other Financial Subsidiaries	12,325,177	4,678,171
Total	37,373,370	17,613,057

(1) Reveals the information related to companies subject to consolidation in which Bank directly owns share.

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i.6. Consolidated subsidiaries traded on stock exchange (1):

	Current Period	Prior Period
Traded on domestic stock exchanges	22,198,019	10,063,540
Traded on foreign stock exchanges		

(1) Reveals the information related to companies subject to consolidation in which Bank directly owns share.

i.7. Consolidated subsidiaries disposed of in the current period: None

i.8. Subsidiaries acquired in the current period: None

i.9. Other issues on subsidiaries:

As explained in Note III.2 of Section Three, non-financial subsidiaries, associates and jointly controlled associates are accounted by using the equity method defined in TAS 28 "Investments in Subsidiaries and Associates" within the scope of TAS 27 "Individual Financial Statements".

j. Information on jointly controlled entities (Net):

As per the "Communiqué on Preparation of Consolidated Financial Statements of Banks", jointly controlled entities as credit institutions or financial institutions are included in the scope of consolidated financial statements. There are no jointly controlled entities which are excluded in the scope of the consolidation.

On the other hand, as explained in Note III.2 of Section Three, non-financial subsidiaries, associates and jointly controlled associates are accounted by using the equity method defined in TAS 28 "Investments in Subsidiaries and Associates" within the scope of TAS 27 "Individual Financial Statements".

k. Information regarding finance lease receivables (Net):

k.1. Presentation of finance lease receivables according to their remaining maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	8,698,663	7,065,854	5,518,419	4,652,503
1-4 Years	10,780,717	9,443,616	7,264,644	6,428,916
More than 4 Years	1,271,472	1,133,105	701,434	622,103
Total	20,750,852	17,642,575	13,484,497	11,703,522

k.2. Information regarding net investments made on finance lease:

	Current Period	Prior Period
Gross Finance Lease Investment	20,750,852	13,484,497
Unearned Finance Revenue from Finance Lease (-)	3,108,277	1,780,975
Net Finance Lease Investment	17,642,575	11,703,522

k.3. Presentation of operating lease receivables according to their remaining maturities:

As at December 31, 2022 the remaining maturities of the Group's operating lease receivable is less than 1 year the total amount is TL 35,795 (December 31, 2021; TL 23,537).

l. Positive differences table for hedging derivative financial assets:

Part of Derivative Financial Assets at Fair Value Through Profit Loss (1)	Current Period		Prior Period	
	Net	Gross	Net	Gross
Hedging Derivative Financial Assets		387,926		256,505
Hedging Cash Flow				
Protection from Net Investment Risk Abroad				
Total		387,926		256,505

(1) Includes information on derivative financial assets for hedging purposes classified under derivative financial assets.

Explanations on hedging derivative financial assets:

Derivative Financial Liabilities at Fair Value through Profit/Loss	Current Period			Prior Period		
	Contract Sum	Assets	Liability	Contract Sum	Assets	Liability
Interest Rate Swap Transactions	15,582,944		134,010	19,085,248	208,148	
FC	15,582,944		134,010	19,085,248	208,148	
TL						
Currency Swap Transactions	10,914,093	387,926		7,926,855	48,357	
FC	10,914,093	387,926		7,926,855	48,357	
TL						

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Information on fair value hedge accounting is given below.

Hedging Instrument	Hedging Item	Risk Exposure	Fair Value Difference of Hedging Assets (1)	Net fair value of hedging instrument (1)		Income statement effect (profit / loss from derivative financial transactions)
				Assets	Liabilities	
Interest Rate Swap Transactions	Fixed Interest rate Eurobond and Greenbond	Interest Risk	8,201		(3,496)	4,705
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Risk	93,402		(94,182)	(780)
Cross Currency Swap Transactions	Fixed Interest Rate Eurobond	Interest Risk	(76,245)	80,846		4,601

(1) The fair value of the protected assets and the hedged assets subject to hedge accounting is shown as the net market value excluding the credit risk and the accumulated interest.

Prior Period:

Hedging Instrument	Hedging Item	Risk Exposure	Fair Value Difference of Hedging Assets (1)	Net fair value of hedging instrument (1)		Income statement effect (profit / loss from derivative financial transactions)
				Assets	Liabilities	
Interest Rate Swap Transactions	Fixed Interest rate Eurobond and Greenbond	Interest Risk	(111,338)	117,468		6,130
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Risk	(24,900)	24,016		(884)
Cross Currency Swap Transactions	Fixed Interest Rate Eurobond	Interest Risk	(72,869)	73,489		620

(1) The fair value of the protected assets and the hedged assets subject to hedge accounting is shown as the net market value excluding the credit risk and the accumulated interest.

m. Information on Tangible Assets:

Current Period	Real Estate	Right-to-Use Assets	Buildings Under Construction	Vehicles	Other MDV	Total
Previous Period						
Cost	8,903,796	2,520,198	292,153	49,778	3,915,335	15,681,260
Accumulated Depreciation	(26,723)	(1,398,981)		(31,123)	(2,817,409)	(4,274,236)
Net Book Value	8,877,073	1,121,217	292,153	18,655	1,097,926	11,407,024
Current Period						
Net Book Value at the Beginning of Period	8,877,073	1,121,217	292,153	18,655	1,097,926	11,407,024
Current Period Changes (Net) (1)	11,904,498	811,955	19,268	26,287	1,258,930	14,020,938
Depreciation Fee	(157,735)	(488,609)		(8,418)	(481,401)	(1,136,163)
Provision for Impairment (Net)	28,990					28,990
Foreign Exchange Differences (Net) (1)	21,792	59,664		1,077	74,796	157,329
End of Term Cost	20,694,380	3,502,559	311,421	78,021	5,160,629	29,747,010
Accumulated Depreciaton at the End of the Period	(19,762)	(1,998,332)		(40,420)	(3,210,378)	(5,268,892)
Net Book Value at the End of the Period	20,674,618	1,504,227	311,421	37,601	1,950,251	24,478,118

(1) Includes the movements in cost value and accumulated depreciation items.

k. Information on Intangible Assets:

Explanation regarding consolidation goodwill that is included in intangible assets is given in Section Three under the caption of "XII. Explanations on Goodwill and Other Intangible Assets." The table consisting movements of other intangible assets are presented below.

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	2,154,031	1,618,014
Change During the Period (Net)(1)	2,756,745	921,544
Depreciation	(912,870)	(453,413)
Impairment		
Currency Translation Differences (1)	53,913	67,886
Cost at Period End	8,199,345	5,284,771
Accumulated Depreciation at Period End	(4,147,526)	(3,130,740)
Net Book Value at the End of the Period	4,051,819	2,154,031

(1) The balance includes the movements in cost and accumulated depreciation items

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

I. Information on investment property:

Investment properties are properties that the Group holds to earn rentals. Explanations on these subjects are given in Section Three Note XIV. Total rental income obtained from investment properties during the period is TL 275,199 (December 31, 2021: TL 150,519).

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	4,601,916	3,649,631
Change During the Period (Net) (1)	190,204	51,414
Revaluations Surplus/Deficit	6,528,070	900,871
Net Book Value at the End of the Period	11,320,190	4,601,916

n. Information on deferred tax asset:

As of December 31, 2021, the Parent Bank and the other consolidated Group companies has deferred tax asset amounting to TL 3,118,976. Such deferred tax asset is calculated based on the temporary differences between the book value of assets and liabilities and their tax basis measured as per the prevailing tax regulation. When the items comprising the temporary differences are followed under equity, the related tax asset/liability is directly recognized under equity items.

	Current Period	Prior Period
Tangible Assets Base Differences	59,702	743,080
Provisions (1)	(1,292,150)	(6,041,695)
Finance Lease Income Accruals	66,033	32,401
Valuation of Financial Assets	259,564	1,946,829
Other	(67,259)	200,409
Net Deferred Tax Asset	(974,110)	(3,118,976)

(1) Comprised of employee termination benefits, actual and technical deficits of the pension fund, insurance technical provisions, the provisions for credit card bonus points, expected credit loss for Stage 1 and Stage 2 loans and other provisions.

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

	Current Period	Prior Period
Net Balance at the Beginning of the Period	910,871	1,302,608
Change during the periods (Net) (1)	708,104	(399,379)
Amortized Cost		
Foreign Currency Difference	(7,042)	
Net Book Value at the End of the Period	7,061	7,642
	1,618,994	910,871

(1) The TL 1,249,492 portion of the change in the current period relates to the transfer of the 12.28% share in General Energy PLC's capital to the Bank as an offset to the receivable.

Investment in a special purpose company whose details be given in Section Five footnote I.b.3 is classified within the scope of "TFRS-5 Assets Held for Sale and Discontinued Operations". In 2019 the Bank's and Türkiye Sınai Kalkınma Bankası A.Ş.'s shares' nominal values in company's capital increased from TL 6 to TL 461,833 and TL 1 to TL 64,403 respectively. As announced on KAP at the date of 31.03.2022, the sale and transfer of these shares to Türkiye Varlık Fonu has been completed and the provision for a decrease in value has been reserved for the entire investment classified under "TFRS 5- Fixed Assets Held for Sale and Discontinued Operations". The sale and transfer to TVF has been completed, and a provision for impairment has been set aside for the entire investment classified within the framework of "TFRS 5- Non-current Assets Held for Sale and Discontinued Operations". Shares amounting to TL 526,236, which were tracked under the Assets Held for Sale and Discontinued Operations item and all of which were reserved for impairment, were written off together with the impairment provision within the scope of the registration of the liquidation of the company in the Trade Registry Gazette dated 28.12.2022 and numbered 10735. .

The other assets classified as "Fixed Assets Held for Sale" mostly consist of real estates. Announcements about the real estates subject to sale are made by using newspaper advertisements and similar media. Additionally, the Parent Bank's real estates subject to sale are announced on the Bank's web site.

The Group has no discontinued operations.

o. Information on other assets of the group:

Other assets item does not exceed 10% of the balance sheet total.

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II. DISCLOSURES AND FOOTNOTES ON CONSOLIDATED LIABILITIES

a. Information on Deposits:

a.1. The maturity structure of deposits:

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	52,201,388		13,192,421	57,543,852	89,132,133	5,629,299	4,469,259	4453	222,172,805
Foreign Currency Deposits	259,519,298		44,938,425	142,216,242	14,994,589	6,031,447	21,436,452	1,332	489,137,785
Residents in Turkey	217,729,950		41,659,997	120,084,874	11,660,457	2,295,737	4,755,227	1,312	398,187,554
Residents Abroad	41,789,348		3,278,428	22,131,368	3,334,132	3,735,710	16,681,225	20	90,950,231
Public Sector Deposits	948,455		41,996	218,359	2,352	412	5		1,211,579
Commercial Deposits	54,943,461		49,548,292	11,835,853	19,297,798	8,470,551	4,974,482		149,070,437
Other Institutions Deposits	933,998		1,585,467	2,555,476	126,370	11,971	30,133		5,243,415
Precious Metals Deposits	61,964,641		10,925	3,864,020	221,532	8,091,907	339,773		74,492,798
Interbank Deposits	1,192,084		2,933,032	2,021,365	56,837	1,398,107	3,705,688		11,307,113
The Central Bank of Turkey	756								756
Domestic Banks	37,492		2,297,918	322,705		400,126			3,058,241
Foreign Banks	1,153,256		635,114	1,698,660	56,837	997,981	3,705,688		8,247,536
Participation Banks	580								580
Other									
Total	431,703,325		112,250,558	220,255,167	123,831,611	29,633,694	34,955,792	5,785	952,635,932

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	29,130,181		10,101,438	62,338,966	8,091,893	879,420	1,026,512	6,422	111,574,832
Foreign Currency Deposits	195,521,622		34,766,109	129,130,825	8,364,528	6,984,141	18,549,447	2,293	393,318,965
Residents in Turkey	171,143,280		32,092,855	111,457,042	5,338,216	1,907,736	4,904,765	1,517	326,845,411
Residents Abroad	24,378,342		2,673,254	17,673,783	3,026,312	5,076,405	13,644,682	776	66,473,554
Public Sector Deposits	1,205,680		11,796	139,914	1,073	374	200		1,359,037
Commercial Deposits	18,091,217		16,649,887	11,071,146	173,276	515,975	28,850		46,530,351
Other Institutions Deposits	602,088		571,697	3,160,538	40,352	2,411	51,875		4,428,961
Precious Metals Deposits	46,013,605			1,055,562	150,880	6,508,325	311,651		54,040,023
Interbank Deposits	1,302,757		555,375	1,133,496	59	848,077	2,587,270		6,427,034
The Central Bank of Turkey	480								480
Domestic Banks	288,796		450,260	538,289		148,477			1,425,822
Foreign Banks	1,013,416		105,115	595,207	59	699,600	2,587,270		5,000,667
Participation Banks	65								65
Other									
Total	291,867,150		62,656,302	208,030,447	16,822,061	15,738,723	22,555,805	8,715	617,679,203

Within the framework of the ""Communiqué on Supporting the Transformation into Turkish Lira Deposits and Participation Accounts" published in the Official Gazette dated 24.02.2022 and numbered 31760 and the CBRT's communiques numbered 2021/14, 2021/16, 2022/7 and 2022/11, Parent Bank offers its customers a TL deposit product with exchange rate protection. As of 31.12.2022, the amount of the foreign exchange-protected deposits opened within this scope is TL 129,809,134 (31.12.2021: 6,116,412 TL).

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Notes to the Consolidated Financial Statements
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a.2. Savings deposits which are under the guarantee of Savings Deposits Insurance Fund exceeding the insurance limit:

Savings Deposits	Under the Guarantee of Savings Deposits Insurance Fund		Exceeding the Limit of Deposit Insurance Fund	
	Current Period (1)	Prior Period	Current Period	Prior Period
Savings Deposits	98,271,661	54,291,725	122,016,357	56,062,849
Foreign Currency Savings Deposits	76,393,000	58,931,256	221,588,222	175,476,819
Other Deposits in the Form of Savings Deposits	26,836,200	19,430,372	41,995,951	31,613,866
Foreign Branches' Deposits Under Foreign Authorities' Insurance	21,388,501	14,734,281	4,438,625	4,059,511
Off-shore Banking Regions' Deposits Under Foreign Authorities Insurance				

(1) With the Official Gazette dated 27.08.2022 and numbered 31936, a change was made in the determination of the deposits subject to insurance, and all deposits except those belonging to official institutions and credit and financial institutions were covered by insurance. Within this framework, there are commercial deposits amounting to TL 21,845,052 within the scope of the insurance, and the related amount is not shown in the table.

a.3. Savings deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign Branches' Saving Deposits and Other Accounts	4,438,625	4,059,511
Deposits and Other Accounts held by Main Shareholders and their Relatives		
Deposits and Other Accounts of the Chairperson and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	39,447	29,224
Deposits and Other Accounts Covered by Assets Generated Through the Offenses Mentioned in Article 282 of the Turkish Criminal Code Numbered 5237 and Dated 26 September 2004		
Deposits in the Banks to be Engaged Exclusively in Off-shore Banking in Turkey		

b. Negative Differences on Derivative Financial Liabilities Held for Trading:

Derivative Financial Liabilities at Fair Value through Profit/Loss (1)	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	115,054	601,553	2,282,720	265,681
Swap Transactions	2,910,812	6,050,298	4,682,562	6,127,648
Futures				
Options	34,799	244,575	131,914	461,757
Other				126,245
Total	3,060,665	6,896,426	7,097,196	6,981,331

(1) Includes information related to derivative financial liabilities held for trading and classified under derivative financial liabilities. Information on derivative financial liabilities for hedging purposes is disclosed in Note II.g of Section Five.

c. Banks and Other Financial Institutions:

c.1. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds borrowed from the CBRT				
Domestic banks and institutions	9,536,923	8,805,823	3,736,112	9,586,758
Foreign banks, institutions and funds	2,564,571	135,074,282	2,283,386	113,317,427
Total	12,101,494	143,880,105	6,019,498	122,904,185

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c.2. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	9,704,698	8,339,020	4,072,916	8,797,761
Medium and Long-term	2,396,796	135,541,085	1,946,582	114,106,424
Total	12,101,494	143,880,105	6,019,498	122,904,185

c.3. Information on funds borrowed:

Information on funds received through syndicated loans and securitization deals, which take a significant place among funds borrowed, are given below.
Syndication loans:

Date of Use	Funds Borrowed	Maturity
June 2022	USD 257,000,000 + EUR 482,960,000	1 Year
July 2022	USD 17,500,000 + EUR 90,000,000	1 Year
November 2022	USD 191,000,000 + EUR 330,500,000	1 Year

Securitization deals:

The Parent Bank obtained funds by putting on securitization deals all its claims and receivables based on diversified payment rights in USD, EUR and GBP through its consolidated structured entity TIB Diversified Payment Rights Finance Company (TIB) which was established in abroad. The Parent Bank monitors securitization credits under the “Borrowings” on its financial statements as per its nature.

Information on funds received through securitization is given below.

Date	Amount	Final Maturity	Remaining Debt Amount as at December 31, 2021
June 2012	EUR 125,000,000	12 year	EUR 21,875,000
December 2013	EUR 50,000,000	12 year	EUR 15,000,000
December 2014	USD 220,000,000	14 year	USD 120,000,000
March 2015	USD 15,000,000	15 year	USD 13,593,750
October 2015	USD 221,200,000	10 year	USD 76,037,500
October 2016	USD 55,000,000	12 year	USD 32,195,112
December 2016	USD 158,800,000	10-13 year	USD 77,648,334
December 2017	USD 55,000,000	7 year	USD 22,000,000
December 2017	USD 125,000,000	9 year	USD 101,190,476
August 2022	USD 227,000,000	5 year	USD 227,000,000

Other Transactions:

The Parent Bank, the financing transaction amounting to USD 500 million, with a maturity of 10 years, obtained within the scope of the Diversified Payment Rights (DPR) securitization programme, which had been disclosed on August 2014, has been increased to USD 600 million by an additional funding of USD 100 million with the identical maturity profile on September 2017.

d. Information on Debt Securities Issued (Net):

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	10,463,791		5,999,193	
Asset backed security	164,426		757,078	
Bonds	895,529	46,820,814	2,028,706	39,292,335
Total	11,523,746	46,820,814	8,784,977	39,292,335

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e. Concentration of the liabilities of the Group:

Group's liabilities 56% are comprised of deposits, 9% are comprised of funds borrowed, 5% are comprised subordinated debt and marketable securities issued and 3% are comprised of debt from money markets. Deposits are distributed among a large variety of customers with different characteristics. The borrowings, on the other hand, are comprised of various funds obtained from financial institutions through syndication, securitization, post-financing and money market operations.

f. Information on Other Liabilities:

Other liabilities do not exceed 10% of the balance sheet total.

g. Information on Lease Payables (Net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	54,887	29,467	54,978	38,505
1-4 years	546,849	390,839	263,475	188,386
More than 4 years	1,857,601	1,222,747	1,501,399	1,012,823
Total	2,459,337	1,643,053	1,819,852	1,239,714

h. Negative differences related to derivative financial instruments for hedging purposes:

Part of Derivative Financial Liabilities at Fair Value Through Profit Loss (1)	Current Period		Prior Period	
	Gross	Net	Gross	Net
Fair Value Hedge Purpose		134,010		
Cash Flow Hedges				
Net Investment Hedge Abroad				
Total		134,010		

(1) Includes the negative differences related to derivative financial assets for hedging purposes classified under derivative financial assets.

The transactional details for the hedging derivative financial instruments are disclosed in Note I.I of Section Five.

i. Information on Provisions:

i.1. Reserves for employee benefits:

According to the related regulation and the collective bargaining agreements, the Parent Bank is obliged to pay employee termination benefits to employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or to the female employees who have voluntarily quit within one year after the date of their marriage. In accordance with the related regulations, the amount of employee termination benefits is TL 15,371.40 (exact TL amount as of December 31, 2022), which is one-month salary for each service year and cannot exceed the base salary ceiling for employee termination benefits. A provision for severance pay to allocate that employees need to be paid upon retirement is calculated by estimating the present value of probable amount. A provision for severance pay to allocate that employees need to be paid upon retirement is TL 5,605,220 as of December 31, 2022 (December 31, 2020; TL 2,424,212).

Main actuarial assumptions used in calculation of severance pay liability are as follows:

- In the calculation, the discount rate is 22.45%, the inflation rate is 19.80%, and the real wage increase rate is 2%.
- In the calculation, the ceiling of 15,371.40 TL (full TL amount) valid as of 31.12.2022 was taken as basis.
- Retirement age is taken into account as the earliest age at which individuals can retire.
- CSO 1980 mortality table is used for probability of death for women and men.

The movements related to provision for employee termination benefits are given below:

	Current Period	Prior Period
Present value of defined benefit obligation at the beginning of the period	2,424,212	1,501,616
Current Service Cost	194,109	110,009
Interest Cost	452,379	185,885
Benefits paid	(195,616)	(116,836)
Loss/(Gain) due to Settlements / Reductions / Terminations	9,837	11,097
Prior Year Service Cost	1,941	
Actuarial loss/(gain)	2,718,358	732,441
Defined benefit obligation at the end of the period	5,605,220	2,424,212

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In addition to the retirement pay liability, the Bank and the Group companies included in the consolidation reserve provisions for unused vacation. As of December 31, 2022, the unused vacation provision amount is TL 288,519 (December 31, 2021: TL 152,219).

i.2. Provisions for exchange losses in the principal amount of foreign currency indexed loans:

Since foreign currency indexed loans are followed based on the rates on the lending date, the Parent Bank incurs a loss if the exchange rates decrease and makes profit if the exchange rate increases. As of December 31, 2022, and December 31, 2021 there is no provision amount for the currency evaluation losses in the principal amount of foreign currency indexed loans.

i.3. Specific provisions for non-cash loans, which are not indemnified and not converted into cash:

As of December 31, 2022, TL 618,580 provision (December 31, 2021: TL 1,215,914) is allocated for the non-cash loans of companies whose loans are followed under non-performing loans accounts.

i.4. Information on other provisions:

i.4.1. Liabilities arising from retirement benefits:

Liabilities of pension funds founded as per the Social Security Act:

Within the scope of the explanations given in. Section Three Note XX.2, in the actuarial report which was prepared as of December 31, 2022 for Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (İşbank Pension Fund) by a licensed actuary, of which each Bank employee is a member, and which has been established according to the provisional Article 20 of the Social Security Act numbered 506, the amount of actuarial and technical deficit stands at TL 8,379,741.According to the actuarial report as at December 31, 2022 of Milli Reasürans T.A.Ş. besides the Parent Bank, the amount of actuarial and technical deficit was determined to be TL 235,267. There is a provision on financial statements to compensate the deficit in mentioned period, the mentioned provision is preserved on current year financial statements as well. In the financial statements for the said period, there are as many provisions as the said deficit amounts, and the said provision amount has been retained in the financial statements for the current period.

The above-mentioned actuarial audit, which was made in accordance with the principles of the related law, measures the cash value of the liability as of December 31, 2022, in other words, it measures the amount to be paid to the Social Security Institution by the Parent Bank. Actuarial assumptions used in the calculation are given below.

- 9.8 % technical deficit interest rate is used.
- 34.5 % total premium rate is used.
- CSO 1980 woman/man mortality tables are used.

Below table shows the cash values of premium and salary payments of the Parent Bank as of December 31, 2021, taking the health expenses within the Social Security Institution limits into account.

	Current Period	Prior Period
Net Present Value of Total Liabilities Other Than Health	(30,350,164)	(15,810,869)
Net Present Value of Long Term Insurance Line Premiums	13,123,522	5,858,707
Net Present Value of Total Liabilities Other Than Health	(17,226,642)	(9,952,162)
Net Present Value of Health Liabilities	(2,986,675)	(1,873,541)
Net Present Value of Health Premiums	9,514,553	4,247,562
Net Present Value of Health Liabilities	6,527,878	2,374,021
Pension Fund Assets	2,319,023	1,483,086
Amount of Actuarial and Technical Deficit	(8,379,741)	(6,095,055)

The assets of the pension fund are as follows:

	Current Period	Prior Period
Cash and Cash Equivalents	1,240,842	984,609
Securities Portfolio	742,714	439,018
Other	335,467	59,459
Total	2,319,023	1,483,086

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Health benefits that are still being paid will be determined within the framework of the Social Security Institution legislation and related regulations with the transfer.

i.4.2. Provision of credit cards and promotion of banking services applications: The Bank has recognized provisions amounting to TL 235,129 for the amount which is recognized within the framework of credit card expenses of credit card customers or promotions for banking services as of December 31, 2022. (December 31, 2021: TL 108,873)

i.4.3. As mentioned public disclosures of the Bank on December 31, 2012 and December 19, 2013; an inspection has been made by the inspectors of Tax Inspection Board to "Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı" ("İşbank Supplementary Pension Fund"), which was founded as per the provisions of the Turkish Commercial and Civil Codes, regarding the payments that fulfill İşbank's liabilities within the framework of the Articles of Foundation of the Pension Fund and the relevant legislation. As a result of this investigation, tax audit reports were prepared for the years 2007, 2008, 2009, 2010, 2011 claiming that the aforementioned liabilities should be taxed in terms of wage base, thus, they should be subject to withholding tax and stamp duty. According to this report, the total amount of tax and penalties notified to Bank was TL 74,353 for 2007 and 2008; and as of reporting date TL 151,899 for 2009, 2010 and 2011 and it was stated that the Bank applied to tax courts to cancel these tax notifications and some of the court decisions were determined in favor of the Bank and some others were determined against the Bank.

In this context, for the finalized decisions of Regional Administrative Courts related to the years 2007 and 2008 against the Bank, the Bank applied to the Constitutional Court. According to decisions made by Constitutional Court up to reporting date, there is no predictability in legal conformity for taxing the Bank's contributions to the Pension Fund in terms of wage base and for this reason it was accepted that property right of the Bank has been violated according to the 35th article of Constitution. The Court decided that the amount of tax, penalties and default interest which was paid by the Bank should be paid back to the Bank as for compensation with its legal interest.

Besides of the Bank, an inspection was conducted by Tax Audit Committee Inspectors regarding to the contribution obligations mentioned above for the period 2007-2011 on Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı Mensupları which is founded according to Turkish Commercial Law and Civil Law, owned by "Türkiye Sınai Kalkınma Bankası A.Ş.", "Milli Reasürans T.A.Ş.", and Anadolu Anonim Türk Sigorta Şirketi. As a result of the issued report that companies a total of TL 33 million (exact amount) tax penalty notices were notified. Assessments made on the subject by the company's application in accordance with the legislation, which was suspended for Tax Administration concluded that the lack of legal basis of assessment and said assessment were filed in court against the various tax. A number of cases concluded in favor of the Bank; another part of lawsuits concluded against the Bank.

In the last decision of the constitutional court numbered 2016/2400 regarding the legal proceedings initiated upon the conclusion of the lawsuits amounting to TL 61,060 for the 20 periods in 2012 and 2013 against the bank; it was accepted that the predictability criterion was realized after the 2012 tax review, and it was concluded that the Bank's ownership rights were not violated for December 2012 and beyond periods. However, since the aforementioned periods were filed by making a reservation and paying taxes, the mentioned decision had no additional effect on the financial statements. In addition, at two case files, which was one of the lawsuits regarding the repayment of income tax stoppage and stamp tax which has been paid by reservation statement beginning from December 2013, of which its court decision was rendered in favour of the Bank, has been reversed by the majority of the votes of the Assembly after it was submitted to the General Assembly of Tax Courts and the decisions were finalized against the Bank. Regarding the mentioned issue, the legal process is ongoing.

In this process, the Group companies are acting together with the Parent Bank and in this regard TL 12,662 (December 31, 2021: TL 162,960) have been transferred to the provision expense accounts in the current period.

i.4.4. In 1993, Dışbank A.Ş. shares which were owned by the Parent Bank were sold to Lapis Holding A.Ş. In 2008, it was claimed that USD 52.6 million of the amount, which was paid upfront within the context of the sale agreement, had been provided from the funds of the insolvent TYT Bank A.Ş. by the buyer and payment of the mentioned amount as well as the interest to be calculated to the Savings Deposit Insurance Fund (SDIF) was demanded.

The administrative actions initiated by the SDIF in 2008 were revoked by Council of State Administrative Law Chambers 13th upon the application of the Bank. The decisions which were in favour of the Bank were reversed by Plenary Session of the Law Chamber upon the appeal of the SDIF, Council of State Administrative Law Chambers 13th decided to reject the applications of the Bank in January 2016 due to their obligation to obey the decisions of reversal.

After the aforementioned court decisions, although the legal process was still in progress, the collection procedures were carried out within the context of Law No. 6183 and TL 298,466 including the default interest, was collected from the Bank by the SDIF at prior periods and made provision for the whole amount.

As a part of the legal process, individual application to the Constitutional Court of Republic of Turkey has been made by the Bank was not concluded positively. Regarding the ongoing lawsuits, the negative declaratory action brought against the Bank to determine that the Bank is not a debtor has been finalized against the Bank. In this context, necessary provision has been made by the Bank in the financial statements dated 31.12.2022 for the difference between the down payment regarding the sales contract stated above and the amount of 52.6 million USD paid in 2016. legal process is still ongoing

i.4.5. Except the other provisions indicated above, free provision within conservatism principle, for negative circumstances which may arise from the possible changes that may arise in the economy and market conditions, amounting to TL 8,475,000 of which TL 4,075,000 provided in prior years and TL 4,400,000 was provided in the current period.

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j. **Information on Tax Liability:**

j.1. Information on current tax liability:

j.1.1. Information on tax provisions:

Explanations on taxation and calculations are explained in Note XXI of Section Three. As of December 31, 2022, as a result of the clarification of the Group's corporate tax liability and temporary taxes paid, the remaining corporate tax liability amounts to TL 6,356,595 and as a result of the separate clarification process of each partnership and tax authority, current tax asset amounting to TL 26,354 occurs.

j.1.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	6,356,595	1,496,283
Tax on Securities Income	439,514	304,755
Tax on Real Estate Income	8,285	6,180
Banking Insurance Transaction Tax	823,231	442,711
Foreign Exchange Transaction Tax	52,378	117,926
Value Added Tax Payable	114,629	46,696
Other	269,451	120,263
Total	8,064,083	2,534,814

i.1.3. Information on premiums:

	Current Period	Prior Period
Social Security Premiums – Employees	10,348	4,149
Social Security Premiums – Employer	12,478	5,100
Bank Pension Fund Premiums – Employees		
Bank Pension Fund Premiums – Employer		
Pension Fund Membership Fees and Provisions-Employees	18,065	8,250
Pension Fund Membership Fees and Provisions-Employer	23	5
Unemployment Insurance – Employees	6,965	2,999
Unemployment Insurance – Employer	13,942	5,811
Other	83	8
Total	61,904	26,322

j.2. Information on deferred tax liabilities:

The Parent Bank and the consolidated Group companies have TL 1,599,383 deferred tax liability as of December 31, 2022. The related deferred tax debt is calculated over the temporary differences between the book values of assets and liabilities in the records and their tax base values calculated according to tax.

	Current Period	Prior Period
Tangible Assets Base Differences	2,170,487	107,919
Provisions	(7,697,538)	(1,754)
Valuation of Financial Assets	7,153,981	14,098
Other	(27,547)	4,686
Deferred Tax Liability	1,599,383	124,949

Movement of the deferred tax asset is as follows:

	Current Period	Prior Period
Beginning Value	2,994,027	3,528,305
Deferred Tax Income / (Expense) (Net)	5,112,280	(767,140)
Deferred Tax Accounted Under Equity	(8,745,726)	216,138
Deferred Tax Accounted Under Previous Year P / L		
Exchange rate differences	14,146	16,360
Other		364
Deferred Tax Asset (1)	(625,273)	2,994,027

(1) In the consolidated financial statements, there are deferred tax assets of TL 974,110 and deferred tax liabilities of TL 1,599,383 in the current period. Explanations on deferred tax liability are given in Section Five, Note II.h.2.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

k. Information on Payables for Assets Held for Sale and Discontinued Operations

The Bank does not have any payables for assets held for sale and discontinued operations.

I. Information on subordinated loans

The Bank;

- As of December 10, 2013, issued 10 year-term bills with a nominal value USD 400,000,000; as of June 29, 2017, issued 11 year-term bills with recall option on 6th year and a nominal value USD 500,000,000 and as of January 22, 2020, issued 5 year-term with nominal value of USD 750,000,000 which all have the characteristic of subordinated loans for the purpose of making available to the individuals and legal persons who are resident abroad. Interest rates of aforementioned bonds are 7.85%, 7.00% and 7.75% respectively.
- As of August 8, 2017, June 19, 2019, and September 26, 2019; the Bank has issued 10 year-term bills with a nominal value of TL 1,100,000,000, 800,000,000 and 350,000,000 (full TL amount) respectively, with floating interest rates for qualified investors without being offered to the public in Turkey,

Nominal value contribution capital has issued borrowing instruments that will be included in the calculation of bonds. The bills mentioned are amounting to TL 33,558,745 as of December 31, 2022 (December 31, 2021 TL 37,470,997).

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments To Be Included In Additional Capital Calculation				
Subordinated Loans				
Subordinated Debt Instrument				
Debt Instruments To Be Included In Contribution Capital Calculation	2,277,824	31,280,921	2,296,445	39,182,832
Subordinated Loans				
Subordinated Debt Instrument	2,277,824	31,280,921	2,296,445	39,182,832
Total	2,277,824	31,280,921	2,296,445	39,182,832

m. Information on consolidated shareholders' equity:

m.1. Presentation of paid-in capital:

	Current Period	Prior Period
Common shares	9,999,970	4,499,970
Preferred shares	30	30
Total	10,000,000	4,500,000

j.2. Explanation as to whether the registered share capital system ceiling is applicable at bank, if so, the amount of registered share capital:

Capital System	Paid-in Capital	Ceiling
Registered Capital System	10,000,000	10,000,000

BRSA and CMB approvals regarding the increase of the registered capital ceiling to 25,000,000 TL have been obtained and the approval of the Ministry of Commerce has been applied.

m.3. The capital increase made in current period:

It has been decided to increase the paid-in capital of the Bank from TL 4,500,000 to TL 10,000,000, fully covered by internal resources (extraordinary reserves). Accordingly, the process of capital increase was completed during the period and the registration of the new capital was carried out on 16.06.2022

m.4. Capital increase through transfer from capital reserves during the current period: None.

m.5. Significant commitments of the Parent Bank related to capital expenditures within the last year and the following quarter, the general purpose thereof, and the estimation of funds required for them: There is no capital commitment.

m.6. Information on shares acquired by the Company: The Parent Bank has repurchased shares amounting to TL 530,307 in accordance with the Board of Directors Decision dated August 17, 2018.

m.7. Previous periods' indicators related to income, profitability and liquidity, and the estimated effects of forecasts, which are to be made by taking into consideration the uncertainties of these indicators, on the Group's equity: The Parent Bank's and the Group companies' balance sheets are managed in a prudent way to ensure that the effect of risks arising from interest rates, exchange rates and loans is at the lowest level.

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m.8. Privileges Granted to Shares:

Turkish Commercial Law and related registration are kept conditionally;

Group (A) shares each with a nominal value of 1 Kuruş have the privileges of;

- receiving 20 times the number of shares in the distribution of bonus shares issued from conversion of extraordinary and revaluation reserves generated in accordance with the relevant laws (Article 18 of the Articles of Incorporation),
- exercising the preference rights as 20 times (Article 19 of the Articles of Incorporation) and

despite having a lower nominal value, Group (B) shares, each with a nominal value of 1 Kuruş, have the same rights with the Group (C) shares having a nominal value of 4 Kuruş each. Furthermore, Group (A) and (B) shares, each with a nominal value of 1 Kuruş are granted privileges in distribution of profits pursuant to Article 58 of the Articles of Incorporation.

m.9. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets At Fair Value Through Other Comprehensive Income	29,879,045	(4,864,454)	3,409,376	(3,025,127)
Valuation Difference	39,560,096	(6,237,059)	4,134,003	(3,656,824)
Deferred Tax Effect on Valuation	(9,768,524)	1,372,605	(777,305)	631,697
Foreign Exchange Differences	87,473		52,678	
Total	29,879,045	(4,864,454)	3,409,376	(3,025,127)

n. Information on minority interest

	Current Period	Prior Period
Balance at the beginning of the period	9,234,928	7,413,718
Distributed Dividend	(226,322)	(299,226)
Subsidiaries Profit/Loss on minority interest	7,459,012	2,019,198
Effect of change in subsidiaries equity	2,312,603	184,536
Effect of change in Group's minority interest	21,544	(83,298)
Period Ending Balance	18,801,765	9,234,928

m. Information on Dividend Distribution

At the Bank's Ordinary General Assembly, held on March 25, 2022, it was decided to allocate net profit from operating activities of 2021, amounting to TL 13,467,895 thousand as follows;

- Resulting from the disposal of certain immovables, which are realized within the framework of the equity method specified in the "TAS 27 - Individual Financial Statements" accounting standard, resulting from the application of the "TFRS 9 - Financial Instruments" reporting standard, and which are followed within the scope of the "TAS 16 - Tangible Fixed Assets" accounting standard, adding a total of 5,414,586 TL,
- Addition of the provision amount of TL 360,000 allocated during the period for the profit share to be distributed to the personnel within the framework of the accounting standard "TAS 19-Benefits Provided to the Employees",
- The total amount of TL 143,605, which includes TL 35,132 from real estate sales profits to use for capital increase and TL 108,473 from the amount allocated as venture capital fund, of the balance sheet profit to be distributed amounting to TL 19,242,481 allocation as special reserve fund,

of the amount as a basis for distribution of TL 19,098,876;

- TL 1,346,780 to A, B and C group shares as cash,
- TL 10 to the founding shares as cash,
- TL 359,481 as cash dividend to employees to be distributed,
- TL 17,392.605 as legal and extraordinary reserves to be reserved,

has been decided. As at March 28, 2022; TL 17,536,210 was transferred to reserves account, cash dividends were distributed to the shares other than the shares acquired by the Bank, as of April 1, 2022. Since the Bank's Ordinary General Assembly Meeting for the year 2022 was not held as of the date of the report, the distribution of profits from the activities of the said period was not carried out.

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III. DISCLOSURES AND FOOTNOTES ON CONSOLIDATED OFF-BALANCE SHEET ITEMS

a. Explanations to Liabilities Related to Off-Balance Sheet Items:

a.1. Types and amounts of irrevocable loan commitments:

Commitment for customer credit card limits amounts to TL 112,111,363 and commitment to pay for cheque leaves amounts to TL 5,447,537. The amount of commitment for the forward purchase of assets is TL 2,354,710 and for the forward sale of assets is TL 2,359,062.

a.2. The structure and amount of probable losses and commitments resulting from off-balance sheet items, including those below:

The Group's provisions for indemnified non-cash loans balance is TL 1,618,580 as of December 31, 2022 (December 31, 2021: TL 1,215,814) which is allocated for the non-cash loans of companies whose loans are followed under "Non-performing Loans" accounts, Commitments are shown in the table of "Off-balance sheet items".

a.3. Guarantees, bank acceptances, collaterals that qualify as financial guarantees, and non-cash loans including other letters of credit:

	Current Period	Prior Period
Bank Acceptances	8,053,507	13,805,873
Letters of Credit	56,868,515	48,873,749
Other Guarantees	4,841,274	4,269,208
Total	69,763,296	66,948,830

a.4. Certain guarantee, provisional guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Letters of Tentative Guarantees	2,855,259	1,708,305
Letters of Certain Guarantees	109,153,663	72,902,038
Letters of Advance Guarantees	21,968,649	15,463,646
Letters of Guarantee Given to Customs Offices	9,508,835	6,090,285
Other Letters of Guarantee	37,266,219	36,502,689
Total	180,752,625	132,666,963

a.5. Total Non-cash Loans:

	Current Period	Prior Period
Non-cash Loans against Cash Risks	39,218,113	38,252,155
With Original Maturity of 1 Year or Less	11,916,800	9,601,819
With Original Maturity More Than 1 Year	27,301,313	28,650,336
Other Non-cash Loans	211,297,808	161,363,638
Total	250,515,921	199,615,793

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a.6. Sectoral risk concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	612,476	0.67	82,994	0.05	296,207	0.64	499,227	0.33
Farming and Livestock	490,047	0.54	44,531	0.03	199,806	0.43	154,015	0.10
Forestry	107,093	0.12		0.00	82,391	0.18	1,734	0.00
Fishery	15,336	0.01	38,463	0.02	14,010	0.03	343,478	0.23
Industry	33,356,650	36.43	89,881,397	56.54	12,430,773	26.78	93,956,535	61.33
Mining and Quarrying	1,003,885	1.10	763,041	0.48	320,570	0.69	928,731	0.61
Manufacturing Industry	25,722,487	28.09	77,110,974	48.51	8,203,756	17.68	83,044,828	54.21
Electricity, Gas, Water	6,630,278	7.24	12,007,382	7.55	3,906,447	8.41	9,982,976	6.51
Construction	10,052,780	10.98	24,651,767	15.51	7,523,221	16.21	21,058,983	13.75
Services	47,177,829	51.53	43,029,313	27.07	25,875,351	55.75	36,774,135	24.00
Wholesale and Retail Trade	27,079,113	29.58	20,274,689	12.75	15,532,556	33.47	18,241,371	11.91
Hotel and Restaurant Services	1,283,859	1.40	914,027	0.58	450,043	0.97	1,876,235	1.22
Transport and Communications	5,338,287	5.83	11,961,045	7.52	3,083,759	6.64	7,462,048	4.87
Financial Institutions	9,689,863	10.58	7,869,063	4.95	4,552,217	9.81	7,488,074	4.89
Real Estate and Rental Services.	2,320,371	2.53	1,546,769	0.97	1,418,580	3.06	1,145,172	0.75
Self-Employment Services	812,991	0.89	142,340	0.09	502,777	1.08	239,200	0.16
Education Services	111,558	0.12	6,549	0.00	73,900	0.16	5,300	0.00
Health and Social Services	541,787	0.60	314,831	0.21	261,519	0.56	316,735	0.20
Other	357,507	0.39	1,313,208	0.83	287,375	0.62	913,986	0.59
Total	91,557,242	100.00	158,958,679	100.00	46,412,927	100.00	153,202,866	100.00

a.7. Non-cash Loans classified under Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
Non-cash Loans	90,104,172	153,272,110	1,181,740	4,126,126
Letters of Guarantee	84,031,507	90,131,981	1,180,240	3,632,062
Bank Acceptances	5,575,390	2,435,720	1,500	40,897
Letters of Credit	492,132	55,921,155		453,167
Endorsements				
Underwriting Commitments of the Securities Issued				
Factoring Related Guarantees				
Other Guaranties and Warranties	5,143	4,783,254		

b. Information on derivative financial instruments:

The derivative transactions of the Group mainly consist of money and interest swaps and forward foreign exchange purchase and sale transactions. In addition to these, money, interest and security options and futures transactions are also performed. Although the Group's derivative transactions accounted for trading purposes, there are derivative transactions that are accounted for trading purposes, as all the conditions required to be defined as an item suitable for financial risk hedge accounting are not fulfilled, although they provide economic hedging. On the other hand, derivative transactions, which are carried out to protect against changes in the fair values of financial instruments and have all the necessary conditions for their evaluation within the scope of hedge accounting, are classified as hedging purposes.

c. Explanations Related to Contingencies and Commitments:

The balance of the "Other Irrevocable Commitments" account, which comprised the letters of guarantees, guarantees and commitments submitted by the Group pursuant to its own internal affairs and guarantees given to third parties by other institutions in favor of the Parent Bank and the commitments due to housing loans extended within the scope of unfinished house projects followed, amounts to TL 26,407,853.

The cheques given to customers is presented under off balance sheet commitments, as per the related regulations is amounting to TL 5,447,537 in case the cheques presented for payment to beneficiaries are not covered, the Parent Bank will be obliged to pay the uncovered amount up to TL 3,000 (in exact TL amount) for the cheques that are subject to the Law numbered 3167 on "the Regulation of Payments by Cheque and Protection of Cheque Holders", and up to TL 3,600 (in exact TL amount) for the cheques that are subject to the "Cheque Law" numbered 5941, The uncollected amount will be followed under "Indemnified Non-Cash Loans.

d. Explanations related to transactions made on behalf of or on the account of others:

It is explained in Note X under Section Four.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

IV. DISCLOSURES AND FOOTNOTES ON THE CONSOLIDATED INCOME STATEMENT

a. Interest Income

a.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans (1)				
Short-term Loans	23,507,304	4,332,358	10,115,449	1,588,844
Medium and Long-term Loans	40,324,541	18,049,045	24,465,421	11,164,912
Interest on Non-performing Loans	2,581,728	19,307	1,052,273	27,808
Premiums Received from State Resource Utilization Support Fund				
Total	66,413,573	22,400,710	35,633,143	12,781,564

(1)Includes fee and commission income on cash loans.

a.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey		52,130		
Domestic Banks	737,608	134,658	576,388	42,304
Foreign Banks	39,480	228,800	31,929	35,400
Foreign Head Offices and Branches				
Total	777,088	415,588	608,317	77,704

a.3. Information on interest income from securities:

	Current Period		Current Period	
	TL	FC	TP	YP
Financial Assets at Fair Value through Profit and Loss	102,873	192,371	88,439	79,777
Financial Assets at Fair Value through Other Comprehensive Income	23,120,222	3,804,326	8,946,071	1,855,274
Financial Assets Measured at Amortized Cost	17,828,194	549,041	6,317,828	211,778
Total	41,051,289	4,545,738	15,352,338	2,146,829

As detailed in Note VII of Chapter III, the Bank has consumer price indexed (CPI) government bonds classified as financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and financial assets measured by amortized cost in its securities portfolio. In the case of CPI forecast changes by 100 basis points in a positive or negative direction, as of 31 December 2022, the Parent Bank's pre-tax profit will increase by approximately TL 127 million (full amount) or decrease by the same amount.

a.4. Information on interest income received from associates and subsidiaries:

	Current Period	Priod Period
Interest Received From Affiliates and Subsidiaries	455,651	409,863

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Notes to the Consolidated Financial Statements
for the Year Ended December 31, 2022

b. Interest Expense

b.1. Information on interest expense from funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	1,111,691	2,727,892	689,455	1,279,070
Central Bank of Turkey				
Domestic Banks	815,666	267,315	426,628	184,463
Foreign Banks	296,025	2,460,577	262,827	1,094,607
Foreign Head Offices and Branches				
Other Institutions	1,363	1,695,863	1,088	642,502
Total (1)	1,113,054	4,423,755	690,543	1,921,572

(1) Includes fee and commission expenses from cash loans.

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

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	447,325	108,487

b.3. Information on interest paid on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Securities Issued	2,365,094	5,870,931	1,611,372	4,437,045

b.4. Information on Interest Expense on Deposits According to Maturity Structure:

Current Period	Demand Deposits	Time Deposits						Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year	Accumulated Deposits	
TL								
Bank Deposits	75	215,542	132,256					347,873
Savings Deposits	8	1,540,779	8,305,750	9,067,691	536,973	396,682	464	19,848,347
Public Sector Deposits		2,663	23,780	10	42	2		26,497
Commercial Deposits	129	4,516,737	1,540,121	2,438,509	1,455,146	376,488		10,327,130
Other Institutions Deposits		117,461	562,135	18,097	1,699	223		699,615
Deposits with 7 Days Notice								
Total	212	6,393,182	10,564,042	11,524,307	1,993,860	773,395	464	31,249,462
FC								
Foreign Currency Deposits	1,410	162,334	660,935	74,422	25,328	238,676	2	1,163,107
Bank Deposits	11,446	7,276	6,060	2,525	19,697	25,975		72,979
Deposits with 7 Days Notice								
Precious Metals Deposits		11	6,524	744	16,422	890		24,591
Total	12,856	169,621	673,519	77,691	61,447	265,541	2	1,260,677
TOTAL	13,068	6,562,803	11,237,561	11,601,998	2,055,307	1,038,936	466	32,510,139

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Notes to the Consolidated Financial Statements
for the Year Ended December 31, 2022

Prior Period	Demand Deposits	Time Deposits						Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year	Accumulated Deposits	
TL								
Bank Deposits		236,834	109,341					346,175
Savings Deposits	10	1,089,360	10,622,231	622,976	87,086	115,091	645	12,537,399
Public Sector Deposits		1,257	11,337	328	47	9		12,978
Commercial Deposits	58	1,799,009	2,068,714	58,396	283,679	3,184		4,213,040
Other Institutions Deposits		44,565	438,198	51,297	446	4,064		538,570
Deposits with 7 Days Notice								
Total	68	3,171,025	13,249,821	732,997	371,258	122,348	645	17,648,162
FC								
Foreign Currency Deposits	1,091	31,584	192,184	9,973	8,551	116,522	1	359,906
Bank Deposits	8,345	389	566	1,289	7,785	6,774		25,148
Deposits with 7 Days Notice								
Precious Metals Deposits			3,363	411	10,611	637		15,022
Total	9,436	31,973	196,113	11,673	26,947	123,933	1	400,076
TOTAL	9,504	3,202,998	13,445,934	744,670	398,205	246,281	646	18,048,238

c. Explanations on dividend income:

	Current Period	Prior Period
Financial Assets with Fair Value Differences Recognized in Profit/Loss	213,750	47,533
Financial Assets with Fair Value Differences Recognized in Comprehensive Income	45,674	20,057
Other	4,102	958
Total	263,526	68,548

d. Information on trading profit/losses (Net):

	Current Period	Prior Period
Profit	1,808,795,913	2,033,732,717
Securities Trading Gains	128,986,395	42,406,767
Gains on Derivative Financial Instruments (1)	108,952,062	47,875,675
Foreign Exchange Gains	1,570,857,456	1,943,450,275
Losses (-)	1,789,318,125	2,033,029,265
Securities Trading Losses	118,479,257	40,524,089
Losses on Derivative Financial Instruments (1)	119,115,248	48,055,434
Foreign Exchange Losses	1,551,723,620	1,944,449,742
Trading Income/Losses (Net)	19,477,788	703,452

(1) Income arising from foreign currency changes related to derivative transactions amounting TL 83,206,057 and the losses amounting TL 98,296,587 and the amount of net loss is TL 15,090,530. (December 31, 2021: profit TL 39,998,909,156 loss TL 40,803,221 and net loss amount TL 804,312)

e. Information on other operating income:

As at reporting period, TL 18,824,865 of other operating income sources from inclusion and classification of operations of insurance and reinsurance companies; 91% of which is from insurance premiums. (December 31, 2021: TL 10,723,838, 91%). The remaining amount mainly consists of expected credit loss reversals or collections from Stage 3 loans, and income from fees received from customers in return for various banking services and sales of fixed assets. On the other hand, the judicial process regarding the refund of the administrative fine paid by the Bank in accordance with the decision of the Competition Board in 2013 was concluded in favor of the Bank, and the administrative fine of TL 109,992 paid by the Bank was refunded.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

f. Information on expected credit loss and other provision expense:

	Current Period	Prior Period
Expected Credit Loss	13,055,945	12,667,759
Expected Credit Loss for 12 Months (Stage 1)	1,209,566	1,683,950
Significant Increase in Credit Risk (Stage 2)	1,963,033	4,533,215
Non-Performing Loans (Stage 3)	9,883,346	6,450,594
Impairment Losses on Marketable Securities	91,472	21,627
Financial Assets at Fair Value through Profit and Loss	18,954	14,145
Financial Assets at Fair Value Through Other Comprehensive Income	72,518	7,482
Impairment Losses on Associates, Subsidiaries and Joint-Ventures		
Associates		
Subsidiaries		
Jointly Controlled Entities		
Other (1)	6,083,658	4,121,104
Total	19,231,075	16,810,490

(1) The current period balance is the impairment loss expense of the assets held for sale and discontinued operations detailed in section five i.4.4, litigation provision expense of TL 825,000 and TL 4,400,000 Includes free provision expense detailed in section five i.4.5.

g. Other operating expenses:

	Current Period	Prior Period
Reserve for Employee Termination Benefits	464,172	190,474
Bank Pension Fund Deficit Provisions	2,416,955	1,892,381
Impairment Losses on Tangible Assets	4,587	5,795
Depreciation Expenses of Tangible Assets	1,136,163	802,974
Impairment Losses on Intangible Assets		
Impairment Losses on Goodwill		35,974
Amortization Expenses of Intangible Assets	912,870	453,413
Impairment Losses on Investments Accounted Under Equity Method		
Impairment Losses on Assets to be Disposed	33,675	
Depreciation Expenses of Assets to be Disposed		
Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations	378	70
Other Operating Expenses	12,629,150	4,972,087
Leasing Expenses Related to Exceptions to TFRS 16	217,764	153,700
Repair and Maintenance Expenses	550,271	331,078
Advertisement Expenses	808,529	362,939
Other Expenses	11,052,586	4,124,370
Loss on Sale of Assets	4,361	2,056
Other	24,569,241	14,310,652
Total	42,171,552	22,665,876

(1) The Group's expenditure within the scope of donation, aid and social responsibility projects in the current period is TL 79,971 (31.12.2020: TL 104,006).

In the table above, TL 20,610,199 of the operating expenses in the "Other" group arises from the insurance and reinsurance companies because of the classification of their activities in the "Other" group, and significant portion of the related expenses is compensation expenses paid (December 31, 2021: TL 11,565,656). The Group's fees, taxes, duties and fund expenses amounting to TL 731,958 and savings deposit insurance fund expense amounting to TL 1,513,216 (December 31, 2021: TL 1,016,208) are other expense items in the current period "Other" group.

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

h. Information on provision for taxes from continuing and discounted operations

The Group's profit before tax arises from continuing operations. As of 31.12.2022, the profit before tax consists of TL 86,431,376 of net interest income, TL 14,671,415 of net fees and commission income, and the total of personnel expenses and other operating expenses is TL 59,881,644.

h1. Explanations on net profit / loss of continued and discontinued operations:

As of 31.12.2022, the Group's tax provision amounting to TL 15,453,038 consists of current tax provision of TL 20,565,318 and deferred tax income of TL 5,112,280. The Group does not have any discontinued operations.

h2. Explanations on net profit / loss of continued and discontinued operations:

The net profit of the Group from its ongoing operations as of 31.12.2022 is TL 69,057,682.

i. Information on net period profit/loss:

i.1. Income and expenses resulting from ordinary banking activities: There is no specific issue required to be disclosed for the Group's performance for January 1, 2022-December 31, 2022.

i.2. Effects of changes in accounting estimates on the current and future periods' profit/loss: There is no issue to be disclosed.

i.3. "The Other" item which is located at the bottom "Fees and Commissions Received" in the income statement consist of various fees and commissions received from transactions such as credit card transactions, capital market transactions and insurance-reinsurance transactions.

i.4. Net profit / loss of Minority Interest:

	Current Period	Prior Period
Net Profit / Loss of Non-controlling Interest	7,459,012	2,019,198

j. Explanation on other items in income statement

Other items do not exceed 10% of the total amount of the income statement.

k. Fees for services received from an independent audit firm

In accordance with the decision of KGK dated 26.03.2021, the fees for the reporting period regarding the services received from the independent auditor or independent audit firm are given in the table below. In addition to the Bank, the fees for services rendered to the Bank's domestic/foreign subsidiaries and jointly controlled partnerships are included in the aforementioned fees, which are stated as VAT excluded.

	Current Period	Prior Period
Independent Audit Fee for the Reporting Period	30,347	22,258
Other Assurance Services and Other Non-Audit Fees	8,029	5,243
Total	38,376	27,501

V. DISCLOSURES AND FOOTNOTES ON CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

The paid-in capital is TL 10,000,000 in legal records. As of balance sheet date, the balance of legal reserves is TL 7,091,285 the balance of extraordinary reserves is TL 289,294 and the balance of statutory reserves is TL 51,415,041.

The details of revaluation surplus account of securities are shared in the Note Section V-II-I-9. TL (8,395,919) of this amount is the deferred tax effect on marketable securities at fair value through other comprehensive income (December 31, 2021: TL (145,608)).

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VI. DISCLOSURES AND FOOTNOTES ON THE CONSOLIDATED STATEMENTS OF CASH-FLOWS

The consolidated operating profit of TL 65,423,795 before the changes in operating assets and liabilities mostly comprised of TL 118,786,745 of interest received from loans and securities, and TL 49,665,722 of interest paid on deposits, money market transactions and funds borrowed by the Bank. An important part of other revenues, TL 25,750,270 consists of premium collections of insurance companies. The account "Other" classified under operating profit other than fees and commissions paid, cash payments to personnel and service suppliers and taxes paid consists of other operating expenses and foreign exchange gains/losses accounts is TL (13,421,662) (December 31, 2021: TL (10,686,634)).

Net Increase (Decrease) in Other Liabilities account classified in changes of assets and liabilities resulting from the changes in Funds Provided Under Repurchase Agreements, miscellaneous payables, other liabilities and taxes, duties, charges, and premiums is decreased by TL 63,388,101 (December 31, 2021: TL 49,287,428 decrease).

The Net Cash Provided from Other Investing Activities account includes net cash flows from the sale of intangible assets and declined by TL 2,756,163 (December 31, 2021: TL 922,250 decrease).

Foreign currency exchange differences on cash and cash equivalents are on the positive side TL (975,670) (31.12.2021 TL 1,317,136) as of December 31, 2022. Due to the high rate of turnover of related foreign currency assets, the difference between the last 30 days' arithmetic average of currency exchange rates and the year-end currency exchange rate is used to calculate the effect of change in foreign exchange rate. Under the same assumption, the effect of change in foreign exchange rate on cash and cash equivalents is calculated.

Cash, cash in foreign currency, unrestricted deposits in Central Bank of Turkey, money in transit, cheques purchased, money market operations as well as demand deposits and time deposits up to 3 months are defined as cash and cash equivalents.

Cash and cash equivalents at beginning of period:

	December 31, 2021	December 31, 2020
Cash	96,316,663	32,519,831
Cash in TL and Foreign Currency	14,862,587	9,136,817
Central Bank of Turkey and Other	81,454,076	23,383,014
Cash Equivalents	36,005,939	19,801,714
Receivables from Money Market Operations	2,950,824	2,179,919
Banks' Demand Deposits and Time Deposits Up to 3 Months	33,055,115	17,621,795
Total Cash and Cash Equivalents	132,322,602	52,321,545

The total amount resulting from the transactions made in the previous period shows the total cash and cash equivalents as of the beginning of the current period.

Cash and Cash equivalents as of end of the period:

	December 31, 2022	December 31, 2021
Cash	79,788,516	96,316,663
Cash in TL and Foreign Currency	15,828,672	14,862,587
Central Bank of Turkey and Other	63,959,844	81,454,076
Cash Equivalents	34,356,072	36,005,939
Receivables from Money Market Operations	6,101,378	2,950,824
Banks' Demand Deposits and Time Deposits Up to 3 Months	28,254,694	33,055,115
Total Cash and Cash Equivalents	114,144,588	132,322,602

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

VII. DISCLOSURES AND FOOTNOTES ON THE GROUP'S RISK GROUP

a. Information on the volume of transactions relating to the Group's risk group, incomplete loan and deposit transactions and period's profit and loss:

a.1. Information on loans held by the Group's risk group:

Current Period:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	2,402,860	16,824,670			1,916,562	608,306
Balance at the end of the period	2,343,655	17,111,566			2,920,845	1,309,864
Interest and commission income received	455,651	5,747			295,514	7,447

Prior Period:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	2,857,404	9,877,588			1,232,269	495,030
Balance at the end of the period	2,402,860	16,824,670			1,916,562	608,306
Interest and commission income received	409,863	2,468			168,639	4,397

a.2. Information on deposits held by the Group's risk group:

Current Period:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	Direct and Indirect Shareholders of the Bank	Other Real Persons and Corporate Bodies that have been Included in the Risk Group
Deposits	Current Period	Current Period	Current Period
Balance at the beginning of the period	10,076,451	302,826	1,710,018
Balance at the end of the period	13,305,929	130,226	5,589,672
Interest expense on deposits	447,325	58,439	172,982

Prior Dönem:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	Direct and Indirect Shareholders of the Bank	Other Real Persons and Corporate Bodies that have been Included in the Risk Group
Deposits			
Balance at the beginning of the period	7,520,649	157,226	1,153,201
Balance at the end of the period	10,076,451	302,826	1,710,018
Interest expense on deposits	108,487	25,060	62,988

a.3. Information on forward and option and other similar agreements made with the Group's risk group:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions in which the Difference in Fair Value is Reflected in Profit or Loss						
Balance at the beginning of the period	422,104					
Balance at the end of the period	14,841,605	422,104				
Total Profit/Loss	23,306	7,737			(1,400)	(2,052)
Transactions for hedging purposes						
Beginning of the period						
End of the period						
Total Profit/Loss						

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Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

b. Disclosures for the Group's risk group:

b.1. The relations of the Group with corporations in its risk group and under its control regardless of whether there are any transactions between the parties:
All types of corporate and retail banking services are provided to these corporations in line with the articles of Banking Law.

b.2. The type and amount of transaction carried out, and its ratio to the overall transaction volume, values of principal items and their ratios to overall items, pricing policy and other items in addition to the structure of the relationship:
The transactions carried out are mainly loan and deposit transactions, The ratio of loans extended to the risk group to the overall loans is 0.62%, while the ratio to the overall assets is 0.31% the ratio of deposits of the risk group corporations to the overall deposits is 2%, while the ratio to overall liabilities is 1.11%, The comparable pricing method is used for the transactions.

b.3. Purchase and sale of real estates, other assets and services, agency agreements, finance lease contracts, transfer of information obtained through research and development, license agreements, funding (including loans and provision of support as cash capital or capital-in-kind), guarantees and collaterals and management agreements:
The Parent Bank's branches act as agents of Anadolu Anonim Türk Sigorta Şirketi and Anadolu Hayat Emeklilik A.Ş. Furthermore, through its branches, the Bank mediates the order transmission for İş Yatırım Menkul Değerler A.Ş. and carries out agency activities of İş Portföy Yönetimi A.Ş. 34 mutual funds which are founded by the Anadolu Hayat Emeklilik A.Ş. are managed by İş Portföy Yönetimi A.Ş. Securities purchases, when required, are made by İş Finansal Kiralama A.Ş., a subsidiary of the Bank, through leasing.

If requested, the cash and non-cash loan needs of the risk group companies are met in accordance with the limits imposed by Banking Law and the prevailing market conditions.

b. 4. As of December 31, 2022, total worth of the shares, which the Parent Bank purchased from its subsidiaries that are traded on İstanbul Stock Exchange and accounted under the Financial Assets at Fair Value Through Profit or Loss in accordance with the Board of Directors decision dated December 25, 2015 and relevant following decisions is TL 164,806 (December 31, 2021: TL 51,582).

c. Total salaries and similar benefits paid to the (executive members and senior executives)
In the current period, the net payment provided to the key management of Group amounts TL 309,172 (December 31, 2021: TL 167,759).

VIII. DISCLOSURES ON THE GROUP'S DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR PARTICIPATIONS AND REPRESENTATIVE OFFICES

The Parent Bank – Türkiye İş Bankası A.Ş.

	Number	Employees			
Domestic Branches (1)	1.110	22.971			
			Country of Incorporation		
Foreign Representative Offices	1	3	China		
	1	2	Egypt		
				Total Assets	Legal Capital
Foreign Branches	2	49	England	53,147,779	2,248
	14	207	TRNC	28,264,019	80,000
	2	40	Iraq	6,837,919	842,061
	2	31	Kosovo	3,157,421	199,247
	1	6	Bahrain	8,094,514	
Off-Shore Branches					

(1) Türkiye'de bulunan Serbest Bölge şubeleri yurt içi şube sayısına dahil edilmiştir.

İşbank AG

	Number	Employees			
Domestic Branches (1)	8	140			
			Country of Incorporation		
Foreign Representative Offices					
Foreign Branches				Total Assets	Legal Capital
	1	6	Netherlands	3,424,635	
Off-Shore Branches					

(1) The branches of the company, which is headquartered in Germany, in Germany are shown as domestic branches

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

Milli Reasürans T.A.Ş

	Number	Employees			
Domestic Branches (1)	1	187			
			Country of Incorporation		
Foreign Representative Offices					
Foreign Branches				Total Assets	Legal Capital
Off-Shore Branches	1	12	Singapore	775.554	618.156

JSC İşbank

	Number	Employees			
Domestic Branches (1)	3	97			
			Country of Incorporation		
Foreign Representative Offices					
				Total Assets	Legal Capital
Foreign Branches					
Off-Shore Branches					

(1) The branches of the company, which is headquartered in Moscow, in Russia are shown as domestic branches.

JSC İşbank Georgia

	Number	Employees			
Domestic Branches (1)	2	62			
			Country of Incorporation		
Foreign Representative Offices					
				Total Assets	Legal Capital
Foreign Branches					
Off-Shore Branches					

(1) The branches of the company, which is headquartered in Tiflis, in Georgia are shown as domestic branches.

Number of employees of consolidated companies that does not have agencies and branches abroad:

	Employees
Anadolu Anonim Türk Sigorta Şirketi	1,577
Anadolu Hayat Emeklilik A.Ş.	1,044
Efes Varlık Yönetimi A.Ş.	103
İş Faktoring A.Ş.	120
İş Finansal Kiralama A.Ş.	142
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	72
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	5
İş Portföy Yönetimi A.Ş.	79
İş Yatırım Menkul Değerler A.Ş.	468
İş Yatırım Ortaklığı A.Ş.	5
Maxis Girişim Sermayesi Yatırım Ortaklığı A.Ş	15
Maxis Investments Ltd (1)	9
Moka Ödeme ve Elektronik Para Kuruluşu A.Ş.	48
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	11
Türkiye Sınai Kalkınma Bankası A.Ş.	438
Yatırım Finansman Menkul Değerler A.Ş.	148

(1) The Company, which is headquartered in London, does not have any branch or representative office beside its head office. Yatırım Varlık Kiralama A.Ş. which is included to scope of consolidation during the current period does not have any employees.

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

IX. SUBSEQUENT EVENTS

Within the scope of the decision of the Board of Directors regarding the issue of debt instrument on October 7, 2022, the Parent Bank issued a financial bond with a nominal value of TL 1,481,892 after December 31, 2022.

It has been noted that a state of emergency involving 10 provinces in the region will be declared due to the negativity caused by the earthquakes centered in Kahramanmaraş, affecting many of our provinces and shaking our entire country. Developments related to this natural disaster are being closely monitored, and efforts for the assessment of this situation is ongoing.

SECTION SIX: OTHER EXPLANATIONS

I. EXPLANATIONS ON THE GROUP'S CREDIT RATINGS:

Türkiye İş Bankası A.Ş.

	Rating	Outlook (*)
MOODY'S		
Long-term Foreign Currency Deposit	B3	Stable
Long-term Local Currency Deposit	B3	Stable
Long-term Foreign Currency Senior Debt	B3	Stable
Short-term Foreign Currency Deposit	Not-Prime	-
Short-term Local Currency Deposit	Not-Prime	-
FITCH RATINGS		
Long-term Foreign Currency Issuer Default Rating	B-	Negative
Long-term Local Currency Issuer Default Rating	B	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
National Long-term Rating	A+ (tur)	Negative
Viability Rating	B	-

The dates when the Bank's credit ratings/outlooks were last updated are given below:

Moody's: 16.08.2022, Fitch Ratings: 26.07.2022

İş Finansal Kiralama A.Ş.

	Rating	Outlook (*)
FITCH RATINGS		
Long-term Foreign Currency Issuer Default Rating	B-	Negative
Long-term Local Currency Issuer Default Rating	B	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
National Long-term Rating	A+(tur)	Negative
Support Rating	B-	-

The date when the credit ratings/outlooks of İş Finansal Kiralama A.Ş were last updated are given below:

Fitch Ratings: 26.07.2022

Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2022

Türkiye Sınai Kalkınma Bankası A.Ş.

	Rating	Outlook (*)
MOODY'S		
Long-term Foreign Currency Issuer Rating	B3	Stable
Long-term Local Currency Issuer Rating	B3	Stable
Long-term Counterparty Risk Rating	B3	-
Counterparty Risk Assessment	B3(cr)	-
Basic Credit Assessment	caa1	-
Adjusted Basic Credit Assessment	caa1	-
Priority Unsecured Debt Rating	B3	Stable
Foreign Currency GMTN Program Rating	(P)B3	-
FITCH RATINGS		
Long-term Foreign Currency Issuer Default Rating	B-	Negative
Long-term Local Currency Issuer Default Rating	B	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
Long-term National Rating	ns	-
Financial Capacity Rating	b-	-
Short-Term Priority Unsecured Debt Rating	B	-

The date when the credit ratings/outlooks of TSKB were last updated are given below:

Moody's: 16.08.2022, Fitch Ratings: 26.07.2022

(*) Outlook:

"Stable" indicates that the current rating will not be changed in the short term; "positive" indicates that the current rating is very likely to be upgraded and "negative" indicates that the current rating is very likely to be downgraded.

SECTION SEVEN: EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT:

The consolidated financial statements and disclosures for the year ended December 31, 2022 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst&Young Global Limited) and the independent auditor's report dated February 7, 2022, is presented preceding the consolidated financial statements.

I. EXPLANATIONS AND FOOTNOTES OF THE INDEPENDENT AUDITORS REPORT

There are no significant issues or necessary disclosures or notes in relation to the Group's operations other than those mentioned above.

Annexes

Activities for which Support Services are Received in Accordance with the Regulation on Procurement of Support Services for Banks

- Support services received from Atos Müşteri Hizmetleri A.Ş. for sales-oriented external calls,
- Support services received from ATP Ticari Bilgisayar Ağı ve Elektrik Güç Kaynakları Üretim ve Pazarlama Ticaret A.Ş. regarding the transfer of right to use software and documents,
- Support services received from Austriacard Turkey Kart Operasyonları A.Ş. for production and customization of credit cards and debit cards following purchase of credit card and debit card plastics,
- Support services received from Bilişim Bilgisayar Hizmetleri Ltd. Şti. for use of the payment application on Cash Registers,
- Support services received from Brink's Güvenlik Hizmetleri A.Ş. for international transportation,
- Support services received from CMC İletişim ve Çağrı Merkezi Hizmetleri A.Ş. aimed at calling customers and reminding them about deferrals regarding retail loans and credit cards payments,
- Support services received from Comdata Teknoloji ve Müşteri Hizmetleri A.Ş. aimed at calling customers and reminding them about deferrals regarding retail loans and credit cards payments,
- Support services received from Definex Danışmanlık A.Ş. for the development of a project loans app, risk center queries and foreign trade processes,
- Support services received from Edata Elektronik San ve Tic A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from E-Kart Elektronik Kart Sistemleri San. Tic. A.Ş. for production and customization of credit cards and debit cards following purchase of credit card and debit card plastics,
- Support services received from Enuygun Com İnternet Bilgi Hizmetleri Teknoloji ve Ticaret A.Ş. for marketing of consumer loans,
- Support services received from Erişim Müşteri Hizmetleri A.Ş. to meet the demands of customers using the telephone branch,
- Support services received from Hangisi İnternet ve Bilgi Hizmetleri A.Ş. for marketing of consumer loans,
- Support services received from Hobim Arşivleme ve Basım Hizmetleri A.Ş. for printing and/or enveloping bank statements of the credit cards and contracted merchants, and other documents such as letters and notices,
- Support services received from Hugin Yazılım Teknolojileri San. ve Tic. A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from Iron Mountain Arşivleme Hizmetleri A.Ş. regarding physical archive services,
- Support services received from Iron Mountain Arşivleme Hizmetleri A.Ş. for opening archive boxes, scanning of contracts and uploading them into the Bank's system by firm personnel, in addition to physical archive services,
- Support services received from Ingenico Ödeme Sistem Çözümleri A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from Innova Bilişim Çözümleri A.Ş. regarding the use of virtual POS,
- Support services received from Infina Yazılım A.Ş. regarding purchasing, installation, and maintenance of software and support services to be rendered throughout the term of the contract,
- Support services received from İnfoteks Bilgisayar Elektronik Telekom San. Tic. LTD. Şti. for maintenance of and running the Bank's application on cash registers,
- Support services received from İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş. regarding the provision of required resources for the operation, management and maintenance of data processing application servers and server operating systems, and the operation, management and maintenance of communication networks,
- Support services received from Jetizz Hızlı Taşımacılık A.Ş. for delivery of card products to our customers' addresses,
- Support services received from Jetizz Hızlı Taşımacılık A.Ş. for sending Banking Services Agreements to the addresses of applicants who apply for "Anında Müşteri" and delivering the signed contracts to the Bank,
- Support services received from Karbil Yazılım ve Bilişim Teknolojileri Tic. A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from Key Yazılım Çözümleri A.Ş. regarding expertise software,
- Support services received from Konut Kredisi Com Tr Danışmanlık A.Ş. for marketing of consumer loans,

Activities for which Support Services are Received in Accordance with the Regulation on Procurement of Support Services for Banks

- Support services received from KKB Kredi Kayıt Bürosu A.Ş. regarding the use of Anadolu Data Center hard disk space,
- Support services received from Kurye Net Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş. for delivery of credit card products to customer addresses,
- Support services received from Loomis Güvenlik Hizmetleri A.Ş. for transporting cheques, promissory notes, other commercial papers and documents,
- Support services received from Loomis Güvenlik Hizmetleri A.Ş. for transporting cash,
- Support services received from Loomis Güvenlik Hizmetleri A.Ş. for transporting cash abroad,
- Support services received from Loomis Güvenlik Hizmetleri A.Ş. for customer collection, transportation, processing and storage,
- Support services received from Mikrosaray Mikrobilgisayar Paz. ve Tic. A.Ş. for directing customers to the Bank's branches to upload the Bank's application to cash registers,
- Support services received from Mikrosaray Mikrobilgisayar Paz. ve Tic. A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from MT Bilgi Teknoloji Dış Ticaret A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from Obase Bilgisayar Danışmanlık Hizmetleri Ticaret San. A.Ş. for outsourcing data analytic activities,
- Support services received from Panaroma Bilişim Teknolojileri San. ve Tic. A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from Payten Teknoloji A.Ş. regarding secure e-payment infrastructure for electronic commerce,
- Support services received from Plastik Kart Akıllı kart İletişim Sistemleri San. ve Tic. A.Ş. for production and customization of credit cards and debit cards following the purchase of credit card and debit card plastics,
- Support services received from Postkom Basım ve Posta İletişim Hizmetleri A.Ş. for printing and/or enveloping bank statements of credit cards and contracted merchants, and other documents such as letters and notices,
- Support services received from R2 Servis Elektrik, Elektronik ve Bilgisayar Teknolojileri San. ve Tic. A.Ş. for maintenance of and running the Bank's application on cash registers,
- Support services received from Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Tic. A.Ş. for information systems management, information systems infrastructure support, software development, project development, business analysis, systems analysis, project and product consulting, and technical support,
- Support services received from Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Tic. A.Ş. for digitalization of financial analysis processes,
- Support services received from Token Finansal Teknolojiler A.Ş. for maintenance of and running the Bank's application on cash registers.
- Support services received from Emlakjet İnternet Hizmetleri ve Gayrimenkul Danışmanlığı A.Ş. for marketing of consumer loans,
- Support services received from Arabam Com İnternet ve Bilgi Hizmetleri A.Ş. for marketing of consumer loans,
- Software development and maintenance services from Topkapı Danışmanlık Elektronik Hizmetler Pazarlama ve Ticaret A.Ş.,
- Document Scanning and Barcode Reading Contract from İş Merkezleri Yönetim ve İşletim A.Ş.,
- Support services received from Paygo Finansal Teknolojileri A.Ş. for maintenance of and running the Bank's application on cash registers,
- Software development and support service received from Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Tic. A.Ş. within the framework of the Capital Markets Infrastructure Transformation Program,
- Support services received from Figo Ticari Bilgi ve Uygulama Platformu A.Ş. regarding supplier financing needs,
- Support services received from AVI Gayrimenkul Yatırım Değerleme ve Danışmanlık A.Ş. regarding mortgage establishment transactions,
- Support services received from FU Gayrimenkul Yatırım Danışmanlık A.Ş. regarding mortgage establishment transactions,
- Support services received from İPOTEKA Gayrimenkul Yatırım Danışmanlık A.Ş. regarding mortgage establishment transactions

Additional Information Provided Within the Scope of Relevant Legislation

Duties undertaken by İşbank’s Board Members outside the Bank

Name-Surname	Duty	Duties Undertaken Outside İşbank
Adnan Bali	Chairperson of the Board of Directors	Chairperson of the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş., Chairperson of the Board of Directors of Türkiye İş Bankası A.Ş. Members' Supplementary Social Security and Charity Fund Foundation, Chairperson of the Board of Directors of Softtech Ventures Teknoloji A.Ş., Member of the High Advisory Board of Darüşşafaka Society
Yusuf Ziya Toprak	Deputy Chairperson of the Board of Directors	None
Hakan Aran	Board Member	Trakya Yatırım Holding A.Ş., İşbank AG
Feray Demir	Board Member	Board Member of Türkiye İş Bankası A.Ş. Members' Supplementary Social Security and Charity Fund Foundation
Ersin Önder Çiftçioğlu	Board Member	None
Fazlı Bulut	Board Member	None
Durmuş Öztekin	Board Member	None
Recep Hakan Özyıldız	Board Member	Part-time academic tutor at Ankara University, Faculty of Political Sciences
Mustafa Rıdvan Selçuk	Board Member	BDD Bağımsız Denetim ve Danışmanlık A.Ş. Independent Auditor, Girişim YMM Ltd. Şti. Partner
Ahmet Gökhan Sungur	Board Member	None
Sadrettin Yurtsever	Board Member	None

Independence declaration of Mr. Ahmet Gökhan Sungur, Independent Member of the Board

Mr. Ahmet Gökhan Sungur was nominated as Independent Member of the Board to the Corporate Governance Committee that performs the tasks of the Nomination Committee, and the Corporate Governance Committee's "Evaluation Report of Independent Member Nominee" dated 29.01.2020 was submitted to the Board on the same date. The independence declaration of Mr. Ahmet Gökhan Sungur, who was elected as an Independent Member of the Board at the Ordinary General Meeting dated 31.03.2020, is quoted below:

"As per the requirements of the legislation, Corporate Governance Principles of the Capital Markets Board and the Articles of Incorporation of İşbank, due to my nomination as an "independent member" to the Board of Directors of İşbank, I hereby declare to the committee, İşbank shareholders and all the related parties that;

- Within the last five years, there has not been any employment relationship in a managerial position to assume important duties and responsibilities, any joint or sole ownership of more than 5% of capital, voting rights, or privileged shares, nor has there been any significant commercial relationship established between (i) İşbank, partnerships where İşbank has management control or significant impact and partners that have management control of İşbank or significant impact on İşbank, (ii) and I, my spouse and my relatives by blood or by marriage up to the second degree;
- Within the last five years, I have not worked as an executive manager, been a board member, or a partner owning 5% and above shares assuming important duties and responsibilities in companies, particularly in companies that provide auditing (including tax audit, legal audit, internal audit), rating, and consulting services to İşbank, from which İşbank purchases or to which İşbank sells products and services within the framework of agreements signed during the timeframe of selling/purchasing products and services,
- I possess the professional education, knowledge, and experience necessary to fulfill the duties I will assume as an independent board member,
- I am not working full-time in public institutions and organizations,
- I am considered as a resident in Türkiye according to the Income Tax Law (no.193) dated 31/12/1960,
- I have high ethical standards, a professional reputation, and the experience necessary to positively contribute to İşbank’s activities, to maintain my objectivity in conflicts of interest between İşbank and its shareholders, and to decide independently by taking into account the rights of stakeholders,

Additional Information Provided Within the Scope of Relevant Legislation

- I am capable of dedicating sufficient time to be able to observe İşbank’s activities and to fulfill the requirements of the duties I undertake,
- I have not been a member of the Board of Directors of İşbank for more than six years in total within the last decade,
- I am not an independent member of the Board of Directors in more than three of the companies controlled by İşbank or by the shareholders who control the management of İşbank, and in more than five of the publicly traded companies in total,
- I have not been registered and announced on behalf of the juridical person elected as a member of the Board of Directors,
- I still have all the qualifications as per the Corporate Governance Principles to be an independent member, and I will protect all these conditions during the term of duty in case I am appointed as an independent member. In the event that a situation arises that compromises my independence, I will immediately notify the Board of Directors of İşbank, together with its justification, and simultaneously notify the Capital Markets Board of this situation and its justification in writing. And thus, I am independent."

Remuneration

- In accordance with the General Assembly decision taken on 25.03.2022, a net allocation of TL 57,820 is paid to the members of the Board of Directors on an individual basis every month. Benefits paid to key management personnel in 2022 amount to TL 78,529 thousand. Moreover, expenses for allowance, travel, accommodation, representation, as well as the opportunities in cash and in kind, insurance and similar guarantees for key management personnel in the same year amount to TL 19,987 thousand.

Dividend Payments:

Information on İşbank’s dividend payment policy as set out in detail in Article 58 of the Bank’s Articles of Incorporation is provided in the integrated annual report. The said information is also available on the Bank’s corporate website under the title of Investor Relations, in Turkish and English.

Company Share Information:

İşbank’s Group A and Group B shares are listed on the Main Market with the ISATR and ISBTR symbols; İşbank’s Group C shares are listed on the Stars Market with the ISCTR symbol. İşbank’s Group C shares are traded on the London Stock Exchange as Global Depositary Receipts, being subject to "Regulation S"; they are also traded on over-the-counter markets in the USA as American Depositary Receipts, being subject to "Rule 144A".

Changes in the Organizational Structure in 2022

- Information Security, Internal Control, Corporate Compliance, and Risk Management Divisions were affiliated to the Deputy Chief Executive reporting to the Audit Committee.
- Five of our regional departments operating under the Retail Loans Underwriting Division were terminated.
- Loans Monitoring Regional Departments were established.

Other Issues

- No custom audits were carried out at İşbank within the scope of Articles 207, 438, and 439 of the Turkish Commercial Code in 2022. Our bank is subject to public auditing, especially public institutions such as BRSA, CMB, Competition Board, and the Central Bank. If there is a situation that needs to be disclosed to the public regarding the audits of the aforementioned public institutions in our Bank, they are disclosed via the KAP platform.
- Mr. Adnan Bali, Chairperson of the Board of Directors, also serves as the Chairperson of the Board of Türkiye Sınai ve Kalkınma Bankası A.Ş. (TSKB), a subsidiary of İşbank, within the framework of the consent obtained regarding the prohibition to trade with and compete against the company based on related regulations of the Turkish Commercial Code.
- Companies within the İşbank group do not have any shares in the Bank’s capital.
- At the Board of Directors meeting of our Bank dated 16.01.2023, our application to the Banking Regulation and Supervision Agency and the Capital Markets Board regarding the increase of the registered capital ceiling of our Bank from TL 10 billion to TL 25 billion, the extension of the Authorization Period for the Registered Capital Ceiling until the end of 2027, and the amendment of Article 5 of the Articles of Incorporation was approved.
- The actions required with respect to the decisions made at the Ordinary General Shareholders’ Meeting of 2022 were performed.

Information on the Transactions Carried Out with the Bank's Risk Group

All financial services provided to companies within İşbank's Risk Group are provided on an arm's length basis, subject to the same procedures and policies applicable to third parties. Credit lines and other lending transactions allocated to companies within İşbank's Risk Group are analyzed and monitored to ensure that such transactions are within regulatory limits. In 2022, the loans extended to Group companies were all below the regulatory risk limits.

İşbank's Subsidiaries

Finance

İşbank has financial services subsidiaries that are active in the business lines of banking, insurance, private pension, capital market brokerage, portfolio management, venture capital, factoring, reinsurance, financial leasing, asset management, securities investment trust, investment banking, payment services and real estate investment trust.

Financial services subsidiaries enrich the range of products and services offered by İşbank to individual and corporate customers in different business lines while also creating complementary and cross-product delivery and sales opportunities.

TSKB

Türkiye's first privately-owned development and investment bank

TSKB, as a leader among the privately-owned development and investment banks, has undertaken a significant role in Türkiye's economic development since its incorporation in 1950.

The Bank continues to add sustainable value for stakeholders and the national economy with the value it generates in economic, environmental and social areas. Offering its customers a wide range of innovative services with its in-depth knowledge in corporate banking, investment banking and advisory services, TSKB has adopted it as its mission to contribute continued and increasing support to the inclusive and sustainable development of the country.

Within the scope of the resources obtained from development finance institutions and international financial institutions, TSKB provides loans in the area of renewable energy and adaptation, as well as social loans related to women's employment, supporting employment management in underdeveloped areas, and indirectly transfers funds to SMEs' investments in diverse sectors through APEX loans provided to financial institutions.

Undertaking a key role in the development and sustainable growth of the Turkish economy, TSKB maintained its No. 1 position in Türkiye and strengthened its position globally by ranking in the lowest risk group with 7.9 points as a result of a 5.6 point improvement in the Environmental, Social and Governance (ESG) risk rating as of September 2022 by Sustainalytics, an independent specialized organization. TSKB is also one of the leading organizations when it comes to corporate governance. The Bank's corporate governance rating, which was 9.56 out of 10 and increased to 9.59 in October 2021, was maintained in 2022 as well.

TSKB signed a USD 650 million funding agreement with development finance institutions in 2022. With the "JBIC GREEN 2" loan agreement signed in February, TSKB aims to provide financing for renewable energy and energy efficiency investments and advanced technology-supported projects that aim to reduce greenhouse gas emissions across Türkiye. In March, the Bank signed a USD 100 million loan agreement with the International Finance Corporation (IFC) to provide financing to companies in Türkiye that support women's participation in employment and observe gender equality in the working environment. In December, the Bank secured a USD 200 million "Sustainable Energy and Infrastructure Loan" from the Asian Infrastructure Investment Bank, with the guarantee of the Republic of Türkiye Ministry of Treasury and Finance, to finance investments in renewable energy, energy efficiency, climate change adaptation compliance, and supporting industries with a focus on climate change prevention and climate change compliance of private sector companies in Türkiye. Also in December, the Bank signed a EUR 80 million loan agreement with the French Development Agency (AFD) to finance investments in Türkiye that serve the circular economy and investments to be made by companies aiming to develop circular economy practices. TSKB, which ranks first in Türkiye and is among the best banks in the world with its ESG rating, signed its third syndication loan agreement indexed to sustainability criteria on July 25, 2022 and secured financing amounting to USD 109 million.

TSKB is one of Türkiye's leading institutions in the field of sustainability, taking into account the environmental and social impact dimensions of all investment and operating loans it extends. Currently, the Bank's loans related to Sustainable Development Goals (SDGs) account for 91 percent of its total portfolio, while the share of loans contributing to climate and environment-related SDGs is 60 percent. In 2017, TSKB broke new ground and became the first institution in the Turkish financial sector to publish an Integrated Report. In 2016, the Bank broke new ground in Türkiye and the CEEMEA region with its Green/Sustainable Bond issuance, and in March 2017, the Bank issued the first subordinated sustainable bond in the world. In 2019, TSKB became a signatory to the UNEP-FI Principles for Responsible Banking. In the same year, TSKB became the 10th member of the Management Committee of IDFC, of which it has been a member together with leading international development banks since 2011. In October 2022, the Bank became a signatory to the Net-Zero Banking Alliance established by the United Nations Environment Program Finance Initiative (UNEP FI) and committed to aligning its loan and investment portfolio with zero emission targets by 2050.

İşbank's Subsidiaries

On July 26, 2022, Fitch Ratings assigned TSKB, which had a consolidated shareholder equity of TL 13 billion and total assets of TL 117.6 billion as of end-December 2022, a long-term local currency credit rating of B and a foreign currency credit rating of B- with negative outlooks. Finally, TSKB was assigned a national long-term rating of AA (tur) and Viability Rating of (b-) with a stable outlook. On August 16, 2022, Moody's affirmed TSKB's Credit Assessment rating as caa1, and Long-Term Domestic and Foreign Currency Issuer ratings as B3 and updated the outlooks as stable.

www.tskb.com.tr/en

İşbank Germany

A leading financial institution backed by Turkish capital in Europe

Founded in 1992, İşbank Germany has grown and thrived within the financial system in Europe over the course of the past 30 years and helped customers in Türkiye to access the European financial system.

Having successfully adapted to the changing dynamics throughout its operations for more than a quarter of a century, İşbank Germany operates in Germany with 8 branches and in the Netherlands with one branch. As of December 2022, the Bank had 146 employees and EUR 1.7 billion in total assets and EUR 386 million in total shareholder equity. İşbank Germany provides finance solutions for foreign trade transactions between Türkiye and EU member states with a focus on corporate banking.

www.isbank.de

İşbank Georgia

İşbank's organization in Georgia

The presence of İşbank in Georgia, Türkiye's border neighbor which is the gateway to the Caucasus, started with the branch opened in Batumi in 2012. The Tbilisi branch became operational in 2014, and from 2015 onwards, the existing branches were transformed into a subsidiary bank under JSC İşbank Georgia.

Mainly offering corporate banking services and having 62 employees, İşbank Georgia had total assets worth USD 156 million (GEL 420 million), and its shareholder equity amounted to USD 44 million (GEL 119 million) as of December 2022.

www.isbank.ge

İşbank Russia

Serving customers at 3 locations in Russia

İşbank has been cultivating its presence and operations in Russia, one of Türkiye's important trade partners, since 2011.

With 97 employees on its payroll, İşbank Russia has 1 branch in Moscow, one representative office in Saint-Petersburg and one in Kazan. Concentrated mostly on corporate banking services, İşbank Russia's total assets were worth USD 255 million (RUB 18,263 million) and its shareholder equity was registered as USD 92 million (RUB 6,584 million) as of year-end 2022.

www.isbank.com.ru

Anadolu Hayat Emeklilik

The first publicly-traded private pension and life insurance company

Launched in 1990 as Türkiye's first life insurer, Anadolu Hayat Emeklilik A.Ş. is also the first publicly-traded company operating in the private pension and life insurance sector.

As of year-end 2022, the Company had total assets of TL 90.7 billion and shareholder equity of TL 3.5 billion on a consolidated basis. At the same time, total customer assets managed by the Company in private pension and life insurance funds was TL 85.3 billion.

As of year-end 2022, Anadolu Hayat Emeklilik maintained its leadership among privately-owned companies in the categories of number of voluntary PPS participants and fund size comprising the sum of voluntary PPS and automatic enrollment and continued to be the company with the highest number of participants throughout the year with its private pension product "Private Pension for My Child" for participants under the age of 18.

Focusing on a sustainable future, the Company accelerated its activities in this area and continued to generate added value in the sector with its pioneering practices. In addition to its Sustainability Equity Fund, continued efforts to zero carbon emissions since 2016, and strong position in the BIST Sustainability Index, Anadolu Hayat Emeklilik invited everyone to be a part of the "Upcycling Movement" with its upcycling ideas to reduce the amount of waste. It launched a corporate social responsibility project called "My Seed Moneybox" with workshops for first and second grade primary school students living in big cities, whose relationship with nature is limited, to make them realize that seeds are not waste but a precious treasure. In 2022, it published its second Sustainability Report, the first of which was published in 2021.

www.anadoluhayat.com.tr/en

İşbank's Subsidiaries

Anadolu Sigorta

Leading organization of the Turkish insurance sector

Anadolu Anonim Türk Sigorta Şirketi - one of the leading non-life insurance companies in Türkiye - generated TL 23.8 billion worth of premiums as of year-end 2022.

The company had total assets of TL 29.4 billion and shareholder equity of TL 4.8 billion on a consolidated basis as of year-end 2022. The Company's rating was raised from 9.55 to 9.57 in the Corporate Governance Rating Report issued in November 2022.

Anadolu Sigorta continues to be included in the BIST Sustainability Index, which it joined in 2021. In 2022, an Integrated Sustainability Report focusing on economic, social, and environmental added value was published for the first time and CDP-Carbon Disclosure Project Climate Change reporting was prepared, again for the first time. The Company aims to increase its portfolio in this area in the coming periods with innovative products and services such as Electric Vehicle Motor Insurance and Individual Rooftop Solar Energy Panel Insurance to promote renewable energy investments and low carbon emissions.

Regarding equality, one of the components of sustainable development, the #DahaEşit Gender Equality Program was launched, and an Equality Committee was established. Awareness trainings were provided, and automatic correction of discriminatory words in emails and office applications was initiated. The Equality Policy, which includes the Company's commitments in this regard, was published.

www.anadolusigorta.com.tr/en

İş Leasing

Türkiye's pioneering financial leasing company

As one of the pioneers of the leasing sector in Türkiye since its foundation in 1988, İş Finansal Kiralama A.Ş. (İş Leasing) operates with the mission of prioritizing SMEs in its funding activities, developing and maintaining a large and high-quality portfolio, and meeting customer demands with effective, quick and quality solutions.

İş Leasing had TL 36.3 billion in total assets and TL 3.7 billion in shareholder equity on a consolidated basis, while its leasing receivables amounted to TL 17.2 billion as of December 2022.

In its latest report published on 26.07.2022, the international credit rating agency Fitch Ratings downgraded the credit ratings of 7 financial leasing companies and 25 Turkish banks, and updated the Company's Long-Term Local Currency Credit Rating from B+ to B, Long-Term Foreign Currency Credit Rating from B to B-, and Shareholder Support Rating from b to b-.

İş Leasing aims to be a part of the solution in the combat against all environmental and social problems facing the world today, including climate change. Accordingly, the company introduced the Environmental and Social Risk Governance System (ESRG) Project. Displaying İş Leasing's approach to sustainability, this project also defines the governance mechanisms and all necessary processes put in place to manage the company's environmental and social impact. İş Leasing is committed to continuing its sustainability-driven activities at full pace as a pioneering company in the sector.

İş Leasing's corporate governance rating remained unchanged in December 2022 year-on-year and maintained its level of 9.29 out of 10.

www.isleasing.com.tr/en

Moka

All shares of Moka Ödeme Kuruluşu Anonim Şirketi, a payment services company, were purchased in January 2021, electronic money issuance was added to the company's fields of activity as per the permission obtained from the CBRT in December 2021, and the company's name was changed to Moka Ödeme ve Elektronik Para Kuruluşu A.Ş. at the end of the same year. As of December 2022, the Company reached TL 468.2 million in assets with TL 46.6 million in shareholders' equity and continues its operations with 42 employees.

www.moka.com/en

Millî Reasürans

Millî Reasürans - Uninterrupted reinsurance services since 1929

Established in 1929 and having undertaken an important role in the formation and development of the Turkish insurance sector, Millî Reasürans T.A.Ş. (Millî Reasürans) has total assets worth TL 39 billion and shareholder equity worth TL 7 billion on a consolidated basis as of year-end 2022.

Millî Reasürans has a branch operating in Singapore in line with the Company's strategy to export its know-how and reinsurance experience acquired in the national market to global markets. As of year-end 2022, premiums generated abroad accounted for 23% of the Company's total premiums.

Since 1994, the Company has been supporting the arts and has a chamber orchestra.

www.millire.com/ing/anasayfa.html

İşbank's Subsidiaries

İş Faktoring

An innovative approach to the accounts receivable factoring sector

Being one of the pioneering companies in the sector since its incorporation in 1993 with its robust financial structure and customer-oriented approach to business, İş Faktoring A.Ş. (İş Faktoring) has been offering quick and competitive services in the areas of finance, guarantee and collection.

As of December 2022, İş Faktoring has TL 16.4 billion in total assets and TL 1.4 billion in shareholder equity.

As a company that operates in line with the Sustainable Development Goals (SDGs) announced in 2015, a Sustainability Working Group was established within İş Faktoring employees in June 2022 and comprehensive studies on the subject were initiated.

<https://www.isfaktoring.com.tr/home-page>

İş GYO

One of Türkiye's largest real estate investment trusts

Being one of the sector's leading actors with its solid portfolio and financial structure, İş Gayrimenkul Yatırım Ortaklığı A.Ş. (İş GYO) focuses on maintaining and developing a diversified and well-balanced portfolio.

As of December 2022, the Company's total assets amounted to TL 17.4 billion, and its shareholder equity totaled TL 13.9 billion.

Based on the review conducted by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. in August 2022, the Company's Long-Term National (TR) and Short-Term National (TR) ratings were affirmed as AA and A1+, respectively, with a stable outlook assigned to both, and thus the Company was assessed within the investment category.

Sales of the Company's Topkapı İstanbul and Ömerli Kasaba Evleri projects have been completed. Within the projects under development, 99% of the İstanbul Finance Center project was completed, the construction of Üsküdar Altunizade (Litus İstanbul) project is ongoing, and a new phase project is being planned in Ömerli Kasaba.

<https://www.isgyo.com.tr/Home>

İş Yatırım

A leading and pioneering investment house in capital markets

İş Yatırım Menkul Değerler A.Ş. (İş Yatırım) offers brokerage services in domestic and international capital markets, investment advisory, and corporate finance services. Being one of the 7 publicly-traded brokerage houses in the sector, the Company is the only brokerage house in Türkiye traded on BIST 100.

Having long and short-term national credit ratings of "AAA" and "A1+", respectively, as affirmed by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. on September 19, 2022, with a stable outlook, İş Yatırım had TL 35.8 billion in total assets and TL 6.8 billion in shareholder equity on a consolidated basis as of December 2022.

İş Yatırım stands out in the sector with its outstanding return on equity and the remarkable increase in its market value.

<https://www.isyatirim.com.tr/en-us/pages/default.aspx>

İş Portföy (İş Asset Management)

The customer portfolio of İş Portföy Yönetimi A.Ş. (İş Asset Management) mainly consists of corporate customers such as investment funds, pension funds, venture capital funds, real estate funds, insurance companies and foundations. Pension funds managed by İş Asset Management include Anadolu Hayat and Axa Hayat funds.

The size of the managed portfolio amounted to TL 171 billion as of December 2022, with the real estate investment fund and venture capital investment fund reaching TL 5.6 billion and TL 3.2 billion in size, respectively.

Being one of the first portfolio management companies to set up a venture capital fund in the sector, it offers its participants a successful return performance.

There is an exponential increase in global interest in thematic funds with a portfolio that consists of investment instruments based on specific themes such as environmental, social and corporate governance, sustainability, clean energy and digitalization. Defining 2021 as the "Year of Transformation", İş Asset Management has gone beyond classical approaches when developing its investment strategies, focusing on "Thematic Investment Funds" that display rapid growth and have an investment strategy based on the transformations in business models, industries, economies or social norms. İş Asset Management divided its Thematic Funds into two main groups: "Technology" and "Environmental, Social and Corporate Governance". The Company offers the ability to invest in rapidly growing global sectors such as Block Chain Technologies, Cyber Security Technologies, Digital Gaming, and Semi-Conductor Technologies.

İşbank's Subsidiaries

When it comes to the environmental, social and corporate governance theme, the İş Asset Management Tema Variable Fund, the İş Asset Management Electric Vehicles Mixed Fund, and the İş Asset Management Women's Equity Fund, which promotes gender equality in business life and offers the opportunity to invest in companies that give importance to the employment of women, are the first of their kinds. İş Asset Management is one of the pioneering companies in the portfolio management sector in the thematic and renewable energy area with the İş Asset Management Electric Vehicles Mixed Fund, İş Asset Management Renewable Energy Mixed Fund, İş Asset Management Renewable Energy Venture Capital Investment Fund and İş Asset Management Infrastructure Venture Capital Investment Fund, all set up and managed by the Company.

<https://www.isportfoy.com.tr/en/Home>

Software

Softtech

Experienced solution partner in information technologies

Established in İstanbul in 2006, Softtech is the largest software company in Türkiye, with more than 1,700 employees and total assets close to TL 550 million. Besides its experience in the banking and finance sector, Softtech develops customer-oriented solutions in the domestic and international markets with products in diverse fields and takes initiatives aimed at creating new opportunities and collaborations with a focus on technology. The Company has offices in Ankara and Cyprus and has subsidiaries in İstanbul, San Francisco, and Shanghai at the heart of the startup ecosystem to monitor, develop and invest in innovation on-site.

<https://softtech.com.tr/en/homepage/>

Health

Bayek

Bayındır Healthcare Group (Bayek), a group of companies operating in the healthcare sector with 3 hospitals, 1 medical center and 6 dental clinics, offers quality healthcare services in İstanbul, Ankara and İzmir with its expert staff and robust technological infrastructure.

Bayek is the first organization in Türkiye to be issued accreditation certificates for two hospitals simultaneously by the Joint Commission International (JCI) and was re-accredited by JCI for the sixth time in November 2021.

<https://www.bayindirhospitals.com/>

Glass

Şişecam

The founder and the unchanging leader of the Turkish glass industry

Founded in 1935, Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam) has a broad portfolio of products, especially flat glass, glassware, glass packaging and chemicals, mainly soda ash and chromium chemicals.

The Şişecam Group carries out production in facilities and plants located in Türkiye as well as in the USA, Egypt, Russia, Georgia, Bulgaria, Bosnia-Herzegovina, Italy, Ukraine, Romania, Germany, Hungary, Slovakia and India.

Having produced 42% of the total glass output outside Türkiye (as measured on a tonnage basis) and generated 63% of total sales revenues from facilities based abroad and exports from Türkiye as of December 2022, the Şişecam Group's exports to more than 150 countries amounted to USD 1.1 billion as of year-end 2022.

Positioned as one of the world's and Europe's leading companies in the industry, the Şişecam Group was ranked between second and fifth in the world and Europe in terms of production capacity in glass manufacturing as of December 2022.

Ranking fourth in Europe and second in the world in terms of soda production capacity, the Group is the world leader in the production of basic chromium sulphate and ranks second in the production of sodium bichromate.

As of December 2022, Şişecam had TL 163.9 billion in total consolidated assets and TL 95 billion in shareholder equity.

Fitch Ratings downgraded the Company's credit rating from "B+" to "B" with a "negative" outlook in the assessment made in July 2022. In Moody's assessment dated August 12, 2022, the Company's credit rating was downgraded from "B2" to "B3" and the outlook was changed to "stable". The Company's Corporate Governance Rating Score was 9.60 in December 2022.

Türkiye Şişe ve Cam Fabrikaları A.Ş. ranked 22nd in the ISO Türkiye's Top 500 Industrial Enterprises list for 2021.

Şişecam's investment in natural soda ash in the USA with Ciner Group is ongoing, and Şişecam is expected to become the world leader in soda ash once the natural soda plant investments are realized.

İşbank's Subsidiaries

Şişecam's installed patterned glass production capacity in Türkiye will reach 324 thousand tons/year by the end of 2024, in line with the decision to invest in a patterned glass furnace in Mersin/Tarsus to meet the needs of the energy glass market.

In February 2022, Şişecam acquired Italian Refel S.p.A., one of the world's leading producers of refractory materials used in the construction and maintenance of glass melting furnaces with an annual production capacity of 6 thousand tons, with the aim of eliminating the risks associated with supply chain disruption in the AZS refractory supply processes, further strengthening its strategic position in the European and global glass market.

Şişecam decided to invest in Basalia Technology, a groundbreaking solution in the green and circular economy space developed to turn any kind of waste into value-added products and to support research & development projects in this area; Şişecam became a 10% shareholder in the Swiss-based 7Cbasalia Global AG company. Basalia bio-loop technology was first used at the Şişecam Mersin facility.

<https://www.sisecam.com.tr/en>

Platform

Topkapı

With its marketplace model bringing together firms of any size operating in Türkiye, Topkapı Danışmanlık Elektronik Hizmetler Pazarlama ve Ticaret A.Ş. aims to contribute to the development of the online shopping sector in Türkiye, offer an improved customer experience supported with next-generation, secure payment solutions by processing customer data, and develop business models that can create maximum stakeholder value.

In addition to its payment system solutions, the company also owns the Pazarama platform, which is designed to introduce a unique and innovative approach to the e-commerce sector for all stakeholders.

www.topkapidanismanlik.com.tr

Telecommunication

İşNet

Founded in 1999, İşNet has expanded its field of activity and range of services over the years, providing services to companies and public institutions of all sizes in voice, data center, internet, virtual network-VPN, satellite services, digitalization solutions, security products, and e-transformation. As of December 2022, İşNet, which continues its activities with 260 employees, will continue to offer innovative, high value-added solutions suitable for sectoral needs with its investments in robotic process automation systems, internet of things, cybersecurity, cloud and artificial intelligence, with the vision of becoming the "digital transformation friend" of companies in the coming period.

<https://www.isnet.net.tr/en/>

Facility Management

İşmer

Within the "ISO Integrated Management System Project", for which procedural work was initiated by İş Merkezleri Yönetim ve İşletim A.Ş. in 2021 and whose certification audit was successfully completed in 2022, ISO 45001 Occupational Health and Safety Standard, ISO 41001 Facility Management Standard, ISO 9001 Quality Management Standard, and ISO 14001 Environmental Management Standard certificates have been added to the management system certificates. In the integrated management system established, these standards are monitored from a single point.

As a result of this project, customer demands were reviewed in accordance with predefined processes, customers were provided with the right services based on their needs, the services were regularly reviewed, and the processes that can be improved began to be evaluated.

The study was process-oriented. and "Process improvement proposal submitted to the management" was added as a performance parameter to each process. In addition, for processes that were directly related to customers, "Customer satisfaction rate" was added as a performance parameter. In this way, continuous improvement is aimed in service quality and processes.

In addition, stakeholders and their needs and expectations are included in the established management system, and these needs and expectations are regularly evaluated and reviewed.

In addition to these four essential certifications, the Company also holds ISO 50001 Energy Management System and ISO 27001 Information Security Management System certifications, which are of great importance. The Company has been the first 100% Turkish capital company that is a member of TRFMA with 6 management system certifications.

www.ismer.com.tr

Direct and Indirect Subsidiaries

Changes in the Portfolio of Direct and Indirect Subsidiaries between 31.12.2021-31.12.2022

DIRECT SUBSIDIARIES	31.12.2022	
Name	Direct Share	Bank's Risk Group Share Percentage
Anadolu Hayat Emeklilik A.Ş.	62,00%	83,00%
Arap Türk Bankası A.Ş.	20,58%	20,58%
İş Finansal Kiralama A.Ş.	27,79%	58,24%
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	52,06%	64,84%
İş Merkezleri Yönetim ve İşletim A.Ş.	86,33%	100,00%
İş Net Elektronik Bilgi Üret. Dağ. Tic. ve İlet. Hizm. A.Ş.	100,00%	100,00%
İş Yatırım Menkul Değerler A.Ş.	65,74%	70,78%
İşbank AG	100,00%	100,00%
JSC Isbank Georgia	100,00%	100,00%
JSC İşbank	100,00%	100,00%
Kredi Kayıt Bürosu A.Ş.	9,09%	9,09%
Kültür Yayınları İş Türk A.Ş.	100,00%	100,00%
Milli Reasürans T.A.Ş.	87,60%	87,60%
Moka Ödeme ve Elektronik Para Kuruluşu A.Ş.	100,00%	100,00%
Trakya Yatırım Holding A.Ş.	100,00%	100,00%
Türkiye Sınai Kalkınma Bankası A.Ş.	47,68%	51,37%
Türkiye Şişe ve Cam Fabrikaları A.Ş.	50,93%	57,02%

Direct and Indirect Subsidiaries*

INDIRECT SUBSIDIARIES	31.12.2022	
Name	Direct Share	Bank's Risk Group Share Percentage
Anadolu Anonim Türk Sigorta Şirketi	0,00%	64,31%
Anavarza Otelcilik A.Ş.	0,00%	50,00%
Batı Karadeniz Elektrik Dağıtım ve Tic. A.Ş.	0,00%	65,00%
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	0,00%	99,90%
Camiş Ambalaj Sanayii A.Ş.	0,00%	100,00%
Camiş Egypt Mining Ltd. Co.	0,00%	99,70%
Camiş Elektrik Üretim A.Ş.	0,00%	100,00%
Camiş Madencilik A.Ş.	0,00%	100,00%
Casaba Yönetim İşl.İmal.İth.İhr.Paz.Sağ.Tem.Güv.Ulş.Tic.ve San.A.Ş.	0,00%	100,00%
Sisecam Resources LP	0,00%	74,00%
Sisecam Resource Partners LLC	0,00%	60,00%
Sisecam Wyoming LLC	0,00%	51,00%
CJSC Brewery Pivdenna	0,00%	100,00%
Convera Uluslararası Yazılım Arge Teknoloji Yatırımları A.Ş.	0,00%	100,00%
Covision Medical Technologies Limited	0,00%	100,00%
Covision Medical Technologies San. Tic. A.Ş.	0,00%	100,00%
Cromital SPA	0,00%	100,00%
Efes Varlık Yönetim A.Ş.	0,00%	100,00%
Enaş Enerji Yatırımları A.Ş.	0,00%	100,00%
Erişim Müşteri Hizmetleri A.Ş.	0,00%	100,00%
Gullseye Lojistik Teknolojileri A.Ş.	0,00%	100,00%
İş Enerji Yatırımları A.Ş.	0,00%	100,00%
İş Faktoring A.Ş.	0,00%	100,00%
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	0,00%	56,78%
İş Portföy Yönetimi A.Ş.	0,00%	100,00%
İş Sanat A.Ş.	0,00%	100,00%
İş Yatırım Ortaklığı A.Ş.	0,00%	38,66%
JSC Mina	0,00%	100,00%
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	0,00%	50,00%
Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş.	0,00%	100,00%
Koridor Incorporated	0,00%	74,66%
Livewell Giyilebilir Sağlık Ürün Hizm. A.Ş.	0,00%	100,00%
M4 Otelcilik ve Turizm A.Ş.	0,00%	40,09%
Maksmarket Danışmanlık Elektronik Hizm Tic A.Ş.	0,00%	95,00%

(*) Includes the direct and indirect subsidiaries in which İşbank's share is equal to or exceeds five percentage points.

Direct and Indirect Subsidiaries*

INDIRECT SUBSIDIARIES	31.12.2022	
Name	Direct Share	Bank's Risk Group Share Percentage
Maxi Digital GmbH	0,00%	100,00%
Maxis Girişim Sermayesi Portföy Yönetimi AŞ.	0,00%	100,00%
Maxis Investments Ltd.	0,00%	100,00%
Maxitech Inc.	0,00%	100,00%
Merefa Glass Company Ltd.	0,00%	100,00%
Mikla Yiyecek ve İçecek A.Ş.	0,00%	83,57%
Miltaş Turizm İnşaat Ticaret A.Ş.	0,00%	100,00%
Nevotek Bilişim Ses ve İletişim Sistemleri San. ve Tic. A.Ş.	0,00%	95,37%
Nevotek Intercorporation	0,00%	100,00%
Nevotek Middle East FZ Limited Liability Company	0,00%	100,00%
OOO Energosystems	0,00%	100,00%
OOO Posuda	0,00%	100,00%
OOO Ruscam Glass Packaging Holding	0,00%	100,00%
OOO Ruscam Management Company	0,00%	100,00%
Ortopro Tibbi Aletler San. Tic. A.Ş.	0,00%	97,22%
Oxyvit Kimya Sanayii ve Ticaret A.Ş.	0,00%	100,00%
Pacific Soda LLC	0,00%	60,00%
Pasabahçe Bulgaria EAD	0,00%	100,00%
Pasabahçe Egypt Glass Manufacturing SAE	0,00%	100,00%
Paşabahçe (Shanghai) Trading Co. Ltd	0,00%	100,00%
Paşabahçe Glass GmbH	0,00%	100,00%
Paşabahçe Mağazaları A.Ş.	0,00%	100,00%
Paşabahçe Spain SL	0,00%	100,00%
Paşabahçe SRL	0,00%	100,00%
Paşabahçe USA Inc	0,00%	100,00%
Radore İnternet Hizmetleri A.Ş.	0,00%	25,50%
Radore Veri Merkezi Hizmetleri A.Ş.	0,00%	25,50%
Refel SpA	0,00%	100,00%
Richard Fritz Prototype Spare Parts GmbH	0,00%	100,00%
Rudnik Krcnjaka "Vijenac" D.O.O	0,00%	50,00%
SC Glass Trading BV	0,00%	100,00%
Sisecam Automotive Germany GmbH	0,00%	100,00%
Sisecam Automotive Hungary Kft	0,00%	100,00%
Sisecam Automotive Romania SA	0,00%	100,00%
Sisecam Automotive Rus JSC	0,00%	100,00%
Sisecam Automotive Rus Trading LLC	0,00%	100,00%

Direct and Indirect Subsidiaries*

INDIRECT SUBSIDIARIES	31.12.2022	
Name	Direct Share	Bank's Risk Group Share Percentage
Sisecam Automotive Slovakia S.R.O.	0,00%	100,00%
Sisecam Chemicals Resources LLC	0,00%	60,00%
Sisecam Chemicals USA Inc	0,00%	100,00%
Sisecam Chemicals Wyoming LLC	0,00%	60,00%
Softtech (Shanghai) Technology Co. Ltd.	0,00%	100,00%
Softtech Ventures Teknoloji A.Ş.	0,00%	100,00%
Softtech Yazılım Teknolojileri Araştırma Gel. ve Paz. Tic. A.Ş.	0,00%	100,00%
Şişecam Automotive Bulgaria EAD	0,00%	100,00%
Şişecam Bulgaria EOOD	0,00%	100,00%
Şişecam Çevre Sistemleri A.Ş.	0,00%	90,00%
Şişecam Dış Ticaret A.Ş.	0,00%	100,00%
Şişecam Elyaf Sanayii A.Ş.	0,00%	100,00%
Şişecam Enerji A.Ş.	0,00%	100,00%
Şişecam Flat Glass India Private Limited	0,00%	100,00%
Şişecam Flat Glass Italy S.r.l.	0,00%	100,00%
Şişecam Flat Glass South Italy SRL	0,00%	100,00%
Sisecam Glass Packaging Investment B.V.	0,00%	100,00%
Şişecam Glasspackaging Hungary Kft	0,00%	100,00%
Şişecam Otomotiv A.Ş.	0,00%	100,00%
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	0,00%	100,00%
Şişecam Soda Lukavac DOO	0,00%	100,00%
Şişecam Trading co.	0,00%	100,00%
Tatilbudur Kurumsal Hizmetler Turizm ve Ticaret A.Ş.	0,00%	40,09%
Tatilbudur Seyahat Acenteliği ve Turizm A.Ş.	0,00%	40,09%
TBC Seyahat Acenteliği ve Turizm A.Ş.	0,00%	40,09%
Toksöz Spor Malzemeleri Tic. A.Ş.	0,00%	90,63%
Topkapı Danışmanlık Elektronik Hizmetler Pazarlama ve Ticaret A.Ş.	0,00%	100,00%
Trakya Glass Bulgaria Ead	0,00%	100,00%
Trakya Glass Rus AO	0,00%	100,00%
Trakya Glass Rus Trading OOO	0,00%	100,00%
Trakya Investment BV	0,00%	100,00%
TRSG Glass Holding BV	0,00%	70,00%
TSKB Gayrimenkul Değerleme A.Ş.	0,00%	100,00%
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	0,00%	88,74%
TSKB Sürdürülebilirlik Danışmanlığı A.Ş.	0,00%	100,00%
Yatırım Finansman Menkul Değerler A.Ş.	0,00%	98,42%
Yatırım Varlık Kiralama A.Ş.	0,00%	100,00%

(*) Includes the direct and indirect subsidiaries in which İşbank's share is equal to or exceeds five percentage points.

Changes in Share Percentages in Subsidiaries

COMPANIES							
Companies Entering the Bank's Risk Group in 2022	Direct Share of İşbank as of December 2021	Direct Share of İşbank as of December 2022		Bank's Risk Group Share Percentage as of December 2021	Bank's Risk Group Share Percentage as of December 2022	REASON	
Enaş Enerji Yatırımları A.Ş.	-	0%		-	100,00%	Company establishment	
İş Enerji Yatırımları A.Ş.	-	0%		-	100,00%	Company establishment	
İş Sanat A.Ş.	-	0%		-	100,00%	Company establishment	
Maksmarket Danışmanlık Elektronik Hizm Tic A.Ş.	-	0%		-	95,00%	Company establishment	
Refel SpA	-	0%		-	100,00%	Purchasing	
Companies Whose Share Ratio Changed in the Bank's Risk Group in 2022							
Bayek Tedavi Sağlık Hizmetleri Ve İşlet	0,00%	0,00%		99,80%	99,90%	Share purchase from a partner	
Tatilbudur Kurumsal Hizmetler Turizm ve Ticaret A.Ş.	0,00%	0,00%		40,00%	40,09%	Use of preferential rights not used in the purchase of shares from cash capital increase by the parent bank	
Tatilbudur Seyahat Acenteliği ve Turizm A.Ş.	0,00%	0,00%		40,00%	40,09%	Use of preferential rights not used in the purchase of shares from cash capital increase by the parent bank	
İş Gayrimenkul Yatırım Ortaklığı AŞ	52,06%	65,44%		52,06%	64,84%	Sale of shares of our Bank's group company to Borsa İstanbul	
Kültür Yayınları İş Türk Anonim Şirketi	99,17%	100,00%		100,00%	100,00%	Purchase of shares of our Bank's group company	
Miltaş Turizm İnşaat Ticaret AŞ	0,00%	88,00%		0,00%	100,00%	Share purchase from a partner	
TSKB Gayrimenkul Yatırım Ortaklığı AŞ	0,00%	88,85%		0,00%	88,74%	Sale of shares of our Bank's group company to Borsa İstanbul	
M4 Otelcilik ve Turizm A.Ş.	0,00%	0,00%		40,00%	40,09%	Use of preferential rights not used in the purchase of shares from cash capital increase by the parent bank	
TBC Seyahat Acenteliği ve Turizm A.Ş.	0,00%	0,00%		40,00%	40,09%	Use of preferential rights not used in the purchase of shares from cash capital increase by the parent bank	
Companies Removed From the Bank's Risk Group in 2022							
Atlantic Soda LLC	0,00%	-		60,00%	-	Merger	
Companies whose Titles Changed in the Risk Group of the Bank in 2022							
Former Title	New Title						
Ciner Resources General Partners LLC	Sisecam Resource Partners LLC					Change of title	
Ciner Wyoming LLC	Sisecam Wyoming LLC					Change of title	
Şişecam Glass Packaging B.V.	Sisecam Glass Packaging Investment B.V.					Change of title	
Ciner Resources LP	Sisecam Resources LP					Change of title	

İşbank Credit Ratings

VII. VII. Compliance on Public Disclosure Obligations, Accuracy, Frequency and Compliance of Said Disclosures, Credit Ratings Assigned by Rating Agencies to the Bank and Related Explanations:		
	Rating	Outlook (*)
MOODY'S		
Long-term Foreign Currency Deposit Rating	B3	Stable
Long-term Local Currency Deposit Rating	B3	Stable
Long-term Foreign Currency Senior Debt Rating	B3	Stable
Short-term Foreign Currency Deposit Rating	NP	-
Short-term Local Currency Deposit Rating	NP	-
FITCH RATINGS		
Long-term Foreign Currency Issuer Default Rating	B-	Negative
Long-term Local Currency Issuer Default Rating	B	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
National Long-term Rating	A+ (tur)	Negative
Viability Rating	B	-
The dates on which the Bank's credit ratings/outlook were last updated are given below:		
Moody's: 16.08.2022, Fitch Ratings: 24.02.2023		
(*) Outlook:		
"Stable" indicates that the current rating will not be changed in the short term; "positive" indicates that the current rating is very likely to be upgraded, and "negative" indicates that the current rating is very likely to be downgraded.		

Tax Breakdowns in the Countries where İşbank Operates

As of FY2021, İşbank has reported on the taxes paid in each country it operates in. Please see below: (Thousand TL)

Tax Jurisdiction	Profit (Loss) Before Income Tax	Income Tax Paid on cash Basis	Income Tax Accured Current Year	Number of Employees
Türkiye	16.145.898	3.824.354	2.787.551	26.919
Singapore	13.198	0	0	12
England	46.642	14.534	0	54
Russia	18.494	8.703	0	94
Germany	123.221	52.113	40.864	149
Netherlands	20.559	5.687	7.812	7
Georgia	36.583	5.219	5.219	63
Bahrain	52.951	0	0	6
Kosovo	2.269	4.016	810	32
Iraq	53.202	3.199	9.179	39

Amendments to the Articles of Incorporation in 2022*

Article No	Previous	New
5	Capital The Company adopted the registered capital system in accordance with the provisions of the Capital Markets Law and switched to the registered capital system with the permission of the Capital Markets Board dated 06.03.1997 and numbered 2683. The registered capital ceiling of the Company is TL 10,000,000,000 (TenBillion). The fully paid issued capital of the Company is TL 4,500,000,000 (fourbillionfivehundredmillion), of which TL 1,000 is composed of Group A shares each worth 1 Kuruş, TL 29,000 is composed of Group B shares each worth 1 Kuruş, and TL 4,499,970,000 is composed of Group C shares each worth 4 Kuruş. The registered capital ceiling permission granted by the Capital Markets Board is valid for the years 2020-2024 (5 years). At the end of 2024, even if the authorized capital ceiling has not been reached, in order for the Board of Directors to take a capital increase decision after 2024, it is mandatory to obtain authorization from the General Assembly for a new period not exceeding five years by obtaining permission from the Capital Markets Board for the previously permitted ceiling or a new ceiling amount. In the event that the said authorization is not obtained, no capital increase can be made with the decision of the Board of Directors. The Board of Directors is authorized to increase the issued capital by issuing registered shares up to the registered capital ceiling whenever it deems necessary in accordance with the provisions of the Capital Markets Law and the relevant legislation. However, no new shares may be issued unless all of the issued shares are sold and the consideration is collected. All shares of the Company must be issued against cash, and all of them must be registered shares.	Capital The Company adopted the registered capital system in accordance with the provisions of the Capital Markets Law and switched to the registered capital system with the permission of the Capital Markets Board dated 06.03.1997 and numbered 2683. The registered capital ceiling of the Company is TL 10,000,000,000 (TenBillion). The fully paid issued capital of the Company is TL 10,000,000,000 (tenbillion), of which TL 1,000 is composed of Group A shares, each worth 1 Kuruş, TL 29,000 is composed of Group B shares, each worth 1 Kuruş and TL 9,999,970,000 is composed of Group C shares, each worth 4 Kuruş. The registered capital ceiling permission granted by the Capital Markets Board is valid for the years 2020-2024 (5 years). At the end of 2024, even if the authorized capital ceiling has not been reached, in order for the Board of Directors to take a capital increase decision after 2024, it is mandatory to obtain authorization from the General Assembly for a new period not exceeding five years by obtaining permission from the Capital Markets Board for the previously permitted ceiling or a new ceiling amount. In the event that the said authorization is not obtained, no capital increase can be made with the decision of the Board of Directors. The Board of Directors is authorized to increase the issued capital by issuing registered shares up to the registered capital ceiling whenever it deems necessary in accordance with the provisions of the Capital Markets Law and the relevant legislation. However, no new shares may be issued unless all of the issued shares are sold and the consideration is collected. All shares of the Company must be issued against cash, and all of them must be registered shares.

*Article 5 of the Articles of Incorporation was amended due to the increase in the capital of our Bank from TL 4,500,000,000 to TL 10,000,000,000 as per the registered capital ceiling.

Corporate Memberships

Domestic	Foreign
The Research Institute of Banking and Commercial Law	The Institute of International Finance (IIF)
Block Chain Türkiye (BCTR)	Institut International d’Etudes Bancaires (IIEB)
Turkish Marine Environment Protection Association (TURMEPA)	International Chamber of Commerce (ICC) Türkiye National Committee - The Commission on Banking Techniques and Practices
Foreign Economic Relations Board of Türkiye (DEİK)	European Association for Banking and Financial History (EABH)
DEİK Türkiye - Iraq Business Council	UN Global Compact Network Türkiye
ERTA	United Nations Environment Program Finance Initiative (UNEP-FI)
Elginkan Community	Net-Zero Banking Alliance (NZBA)
Fintech Association (FINTR)	European Association of Communication Directors (EACD)
Global Relations Forum	Turkish Chamber of Commerce in China (ÇTTO)
İstanbul Foundation for Culture and Arts (İKSV)	Mobile Marketing Association - MMA Türkiye
Association of Corporate Communicators (KİD)	
National Education Foundation	
The Advertisers Association	
The Banks Association of Türkiye (TBB)	
Turkish Informatics Foundation	
Economic and Social History Foundation of Türkiye (History Foundation)	
Vehbi Koç Foundation	
Artificial Intelligence and Technology Association	
30% Club	

As of 31.12.2022, İşbank's Outstanding Loans Obtained from International Financial Institutions

International Financial Institution	Date of Signature	Amount	Maturity (years)	Purpose of Extending Loans
European Investment Bank (EIB)	13.04.2009	€ 250,000,000	12	Financing SMEs
	09.12.2011	€ 150,000,000	10	Financing SMEs
	28.06.2012 ⁽¹⁾	€ 75,000,000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
	09.05.2014	€ 200,000,000	10	Financing the loans to be extended to residential buildings that fall under the scope of Law No. 6306 and conform to the EIB criteria in order to improve earthquake safety and energy efficiency in residential buildings
	30.10.2015 ⁽¹⁾	\$221,200,000	10	Financing of SMEs and enterprises with 250 to 3,000 employees
	01.12.2016 ⁽¹⁾	\$111,200,000	13	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
		\$47,600,000	10	Financing of SMEs and enterprises with 250 to 3,000 employees
European Bank for Reconstruction and Development (EBRD)	27.10.2011	\$6,660,000	15	Financing of energy efficiency projects as part of the TurSEFF Program
	28.06.2012 ⁽¹⁾	€ 50,000,000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
	18.12.2013 ⁽¹⁾	€ 50,000,000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
	30.03.2015 ⁽¹⁾	\$15,000,000	15	Financing of energy efficiency in residences as part of the TurEEFF Program
	21.10.2016 ⁽¹⁾	\$55,000,000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
	06.12.2017 ⁽¹⁾	\$55,000,000	7	Financing of renewable energy and resource efficiency investments as part of the TurSEFF Program
	25.08.2022 ⁽¹⁾	\$76,000,000	5	Financing women entrepreneurs under the second phase of the Women in Business (TurWIB) Program
		\$51,000,000		Financing renewable energy, energy efficiency, and resource efficiency projects under the third phase of the TurSEFF Program
PROPARCO	1.03.2013	€ 50,000,000	10	Financing of loans extended to residential buildings conforming to domestic energy efficiency criteria in Türkiye
	30.06.2020	€ 25,000,000	10	Financing agriculture and the energy and resource efficiency activities of small and medium-sized companies operating in the agricultural sectors
DFC (OPIC)	10.12.2014 ⁽¹⁾	\$220,000,000	14	Financing of SMEs, prioritized regions in development, and women entrepreneurs
IFC	28.12.2017 ⁽¹⁾	\$105,000,000	9	Financing of housing loans, including green mortgages conforming to IFC energy efficiency criteria
		\$20,000,000		Financing "green mortgage" loans ensuring energy efficiency with the fund provided by the Clean Technology Fund ("CTF") through IFC
	25.08.2022 ⁽¹⁾	\$100,000,000	5	Financing of housing loans, including green mortgages conforming to IFC energy efficiency criteria
Asian Infrastructure Investment Bank (AIIB)	12.09.2022	\$100,000,000	5	Financing SMEs and small-scale corporate firms affected by the COVID-19 pandemic

(1) Funding obtained through the transactions made within the scope of the diversified payment rights securitization program based on cash flows.

Numbers of Social Media Followers

Account	Platform	Link	Number of Followers
Türkiye İş Bankası A.Ş.	LinkedIn	https://www.linkedin.com/company/isbankasi	141,641
	Youtube	https://www.youtube.com/c/isbankasi	45,200
	Twitter	https://twitter.com/isbankasi	229,375
	Facebook	https://www.facebook.com/isbankasi	628,321
	Instagram	https://www.instagram.com/isbankasi/	138,208
	Tiktok	https://www.tiktok.com/@isbankasi	15,712
İşcep	LinkedIn	-	-
	Youtube	https://www.youtube.com/c/iscep	6,270
	Twitter	https://twitter.com/iscepisbankasi	60,061
	Facebook	https://www.facebook.com/iscep	413,540
	Instagram	https://www.instagram.com/iscepisbankasi/	75,164
Maximum	LinkedIn	-	-
	Youtube	https://www.youtube.com/user/maximumkart	23,700
	Twitter	https://twitter.com/MaximumKart	57,560
	Facebook	https://www.facebook.com/maximum	349,637
	Instagram	https://www.instagram.com/maximumkart/	48,422
Maximiles	LinkedIn	-	-
	Youtube	https://www.youtube.com/c/MaximilesKart	401
	Twitter	https://twitter.com/MaximilesKart	31,814
	Facebook	https://www.facebook.com/MaximilesKart	136,081
	Instagram	https://www.instagram.com/maximileskart/	17,633
Workup	LinkedIn	https://www.linkedin.com/company/isbankworkup/	7,643
	Youtube	https://www.youtube.com/c/Workup%C4%B0%C5%9FBankas%C4%B1	2,360
	Twitter	https://twitter.com/workupisbankasi	10,124
	Facebook	https://www.facebook.com/workupisbankasi	17,967
	Instagram	https://www.instagram.com/workupisbankasi/	11,170
Maximum Youth	LinkedIn	-	-
	Youtube	https://www.youtube.com/c/maximumgenc	6,150
	Twitter	https://twitter.com/maximumgenc	25,257
	Facebook	https://www.facebook.com/maximumgenc	185,358
	Instagram	https://www.instagram.com/maximumgenc/	13,941
Total			2,698,710

Human Resources Data

	2020	2021	2022
Total Number of Employees ✓	23.518	22.802	23.309
Number of Employees ✓			
Female	11,907	11,506	11,782
Male	11,611	11,296	11,527
Number of Employees Covered by Collective Bargaining Agreements			
Female	11,432	11,309	11,455
Male	11,702	11,126	11,266
Number of Employees by Employment Type ✓	2020	2021	2022
Full-time	23,381	22,678	23,148
Partial Time	135	123	137
Part-time	2	1	1
Part-Time	0	0	23
Total	23,518	22,802	23,309
Number of Employees by Region and Branch	2020	2021	2022
Head Office	7,022	7,083	7,562
Branch	15,733	14,968	15,034
Region	763	751	713
Total	23,518	22,802	23,309
Number of Employees by Gender and Age Upper Management (Members of the Board of Directors and Executive Committee)	2020	2021	2022
50 years of age and older			
Female	3	3	4
Male	15	16	18
30-50 years of age			
Female	2	0	0
Male	3	5	4
30 years of age and younger			
Female	0	0	0
Male	0	0	0

Human Resources Data

Employees in Management Positions (Division Manager and above)	2020	2021	2022
50 years of age and older			
Female	8	8	7
Male	27	29	32
30-50 years of age			
Female	7	8	10
Male	37	37	35
30 years of age and younger			
Female	0	0	0
Male	0	0	0
Total	79	82	84
Breakdown of Employees by Age	2020	2021	2022
50 years of age and older	492	686	961
30-50 years of age	21,417	20,914	20,272
30 years of age and younger	1,609	1,202	2,076
Total	23,518	22,802	23,309
Number of Employees by Seniority	2020	2021	2022
0-4.99 years	1,935	1,609	2,358
5-9.99 years	4,146	3,314	3,230
10+ years	17,437	17,879	17,721
Total	23,518	22,802	23,309
Employee Turnover Rate (%) ✓	1.60	2.01	1.90
Key Personnel Turnover Rate (%)	NA	NA	16.05
Breakdown of Employees by Educational Background	2020	2021	2022
Primary School	57	44	36
High School	3,516	3,299	3,125
College (2 or 3-year Associate Degree)	534	523	528
University (4-year College)	18,262	17,815	18,470
Post Graduate	1,127	1,100	1,128
PhD Degree	22	21	22
Total	23,518	22,802	23,309

Human Resources Data

Number of Employees Eligible for Parental Leave	2019	2020	2021	2022
Number of Employees Eligible for Parental Leave				
Number of female employees	12,252	11,907	11,506	11,782
Number of male employees	11,801	11,611	11,296	11,527
Numbers of Employees Taking and Returning From Maternity Leave✔	2019	2020	2021	2022
Number of Female Employees Eligible for Maternity Leave	780	642	592	499
Number of Female Employees Returning to Work from Maternity Leave	1,072	880	758	692
Rate of Return from Maternity Leave (%)	99.5	99.7	99.9	99.7
Retention Rate After Maternity Leave (%)	96.2	96.5	98.2	98.5
Number of Male Employees Whose Wife Took Maternity Leave	734	580	550	443
Total Employment Created with Subsidiaries	2019	2020	2021	2022
Number of Subsidiaries Under Our Control	111	106	109	113
Number of Employees in Subsidiaries	34,207	34,390	35,973	39,184
Employee Trainings*✔	2019	2020	2021	2022
Average Annual Training Hours Per Employee	25.7	25.4	29.3	43
Average Annual Training Hours Per Female Employee	22.3	23.2	26.7	39.5
Average Annual Training Hours Per Male Employee	29.9	28.1	32.7	47.5
* Training figures exclude participants of refresher trainings, and Private Security Officers and Servant Staff are also not included.				
Employee Trainings	2019	2020	2021	2022
Anti-Bribery and Anti-Corruption Training✔				
Number of Trainees	7,577	7,830	5,716	17,015
Person*Hours	3,115	857	627	2,130
Ethical Principles Training✔				
Number of Trainees	664	438	2,214	2,700
Person*Hours	506	331	1,305	1,480
Human Rights Training✔				
Number of Trainees	260	128	272	2,019
Person*Hours	733	315	727	4,887
Sustainability Training*✔				
Number of Trainees	538	1,552	8,637	12,291
Person*Hours	4,760	5,946	14,392	27,994
Sustainability E-Training✔				
Number of Trainees	-	-	775	2,110
Person*Hours	-	-	388	981

**Includes sustainability e-training man*hour data.

Human Resources Data

Occupational Health and Safety Data	2021	2022
Injury Rate✔		
Direct Employment	0	0
Female	0	0
Male	0	0
Contractor Employees	0	0
Female	0	0
Male	0	0
Occupational Disease Rate (ODR)✔		
Direct Employment	0	0
Female	0	0
Male	0	0
Contractor Employees	0	0
Female	0	0
Male	0	0
Number of Occupational Diseases✔		
Direct Employment	0	0
Female	0	0
Male	0	0
Contractor Employees	0	0
Female	0	0
Male	0	0
Lost Day Rate (LDR)✔		
Direct Employment	1,98	1,12
Female	1,49	0,50
Male	0,49	0,62
Contractor Employees	0	0
Female	0	0
Male	0	0
Days of Absence Due to Accident✔		
Direct Employment	444	263
Female	335	118
Male	109	145
Contractor Employees	0	0
Female	0	0
Male	0	0

Absentee Rate (AR)✔	2021	2022
Direct Employment	0,000079	0,000045
Female	0,00006	0,000020
Male	0,000019	0,000025
Contractor Employees	0	0
Female	0	0
Male	0	0
Number of Work-related Fatalities✔		
Direct Employment	0	0
Female	0	0
Male	0	0
Contractor Employees	0	0
Female	0	0
Male	0	0
Number of Fatal Incidents✔		
Direct Employment	0	0
Female	0	0
Male	0	0
Contractor Employees	0	0
Female	0	0
Male	0	0
Number of Incidents✔		
Direct Employment	46	61
Female	32	39
Male	14	22
Contractor Employees	0	0
Female	0	0
Male	0	0
Accident Frequency Rate*✔		
Direct Employment	0,20	0,26
Female	0,14	0,17
Male	006	0,09
Number of Employees Carrying Out Tasks with a High Risk of Occupational Diseases✔		
Direct Employment	0	0
Contractor Employees	0	0

* Accident frequency rate: Total number of incidents / (Total working hours - Lost hours)*200,000

Summary Financial Highlights and Key Ratios for the Five-Year Period

NON-CONSOLIDATED					
ASSETS (TL Thousand)	2018/12	2019/12	2020/12	2021/12	2022/12
Cash	4,888,627	5,661,559	9,463,666	15,170,894	16,145,165
Receivables from Banks and Interbank Money Markets (1)	43,630,394	60,525,991	77,492,256	190,881,628	205,819,117
Securities (Net) (2)	68,133,659	84,246,760	109,485,041	142,653,302	278,281,335
Loans (3)	260,316,291	270,360,084	345,150,130	493,378,191	759,289,191
Partnership Investments (Subsidiaries and Affiliates) (Net)	17,638,720	21,070,554	26,002,383	39,461,345	79,859,474
Fixed Assets (Net)	5,996,958	8,478,257	9,161,214	11,277,602	22,312,006
Other Assets (4)	15,782,955	17,716,266	17,147,742	33,746,062	46,616,380
Total Assets	416,387,604	468,059,471	593,902,432	926,569,024	1,408,322,668
LIABILITIES (TL Thousand)	2018/12	2019/12	2020/12	2021/12	2022/12
Deposits	245,268,846	295,922,002	368,876,491	595,628,376	931,077,289
Funds Borrowed and Money Markets (5)	94,468,343	86,102,534	116,407,089	181,993,730	173,427,490
Provisions	6,256,462	7,042,357	10,224,590	15,487,318	30,539,092
Other Liabilities	20,673,329	20,119,113	30,612,810	46,620,309	81,902,722
Shareholders' Equity	49,720,624	58,873,465	67,781,452	86,839,291	191,376,075
Total Liabilities	416,387,604	468,059,471	593,902,432	926,569,024	1,408,322,668
INCOME/EXPENSE ITEMS (TL Thousand)	2018/12	2019/12	2020/12	2021/12	2022/12
Interest Income (6)	38,840,381	43,042,350	42,516,332	60,904,343	123,454,753
Interest Expenses (6)	21,788,130	23,183,222	17,274,293	29,963,074	48,251,300
Net Interest Income	17,052,251	19,859,128	25,242,039	30,941,269	75,203,453
Net Trading Profit/Loss	-4,071,660	-6,397,400	-3,341,357	-5,149,127	4,522,593
Net Fees and Commissions Income	4,405,201	5,569,128	5,617,613	7,619,945	16,146,898
Dividend Income	6,425	9,098	21,487	20,735	38,604
Other Operating Income	1,912,307	3,146,751	2,436,205	4,401,570	6,080,548
Total Operating Income	19,304,524	22,186,705	29,975,987	37,834,392	101,992,096
Operating Expenses (7)	8,039,721	9,792,544	11,796,986	15,911,689	34,029,278
NET OPERATING PROFIT/LOSS (8)	11,264,803	12,394,161	18,179,001	21,922,703	67,962,818
Provision for Losses on Loans and Other Receivables	6,343,674	8,325,906	12,729,920	14,450,167	15,804,444
Profit/Loss from Subsidiaries Based on Equity Method	2,808,736	2,806,196	3,406,471	8,003,345	21,790,674
PROFIT/LOSS BEFORE TAXES	7,729,865	6,874,451	8,855,552	15,475,881	73,949,048
Provision for Taxes	960,780	806,864	2,044,635	2,007,986	12,411,168
NET PERIOD PROFIT/LOSS	6,769,085	6,067,587	6,810,917	13,467,895	61,537,880

Summary Financial Highlights and Key Ratios for the Five-Year Period

NON-CONSOLIDATED					
KEY RATIOS	2018/12	2019/12	2020/12	2021/12	2022/12
Interest Earning Assets (9) / Total Assets	89.3%	89.0%	89.8%	89.3%	88.2%
Interest Earning Assets (9) / Interest Bearing Liabilities	109.4%	109.0%	109.9%	106.4%	112.4%
Securities / Total Assets	16.4%	18.0%	18.4%	15.4%	19.8%
Loans / Total Assets	62.5%	57.8%	58.1%	53.2%	53.9%
Loans / Deposits	106.1%	91.4%	93.6%	82.8%	81.5%
Personal Loans / Total Loans	22.4%	23.6%	25.0%	22.2%	23.3%
NPL Ratio	4.1%	6.5%	5.6%	4.1%	3.0%
Coverage Ratio	58.7%	54.7%	63.7%	66.2%	74.4%
Demand Deposits / Total Deposits	24.4%	28.4%	41.7%	47.9%	45.5%
Shareholders' Equity / Total Liabilities	11.9%	12.6%	11.4%	9.4%	13.6%
Capital Adequacy Standard Ratio	16.5%	17.9%	18.7%	20.4%	24.4%
Return on Average Assets (10)	1.7%	1.4%	1.3%	1.9%	5.3%
Return on Average Equity (10)	14.8%	11.4%	10.9%	18.4%	46.8%
OPEX / Operating Income (11)	36.4%	39.2%	35.3%	34.7%	27.5%
OTHER INFORMATION (TL Thousand)	2018/12	2019/12	2020/12	2021/12	2022/12
Regulatory Capital	58,950,530	69,198,849	84,540,460	116,325,684	229,090,694
Core Capital	49,052,634	57,971,231	66,666,192	90,161,889	192,857,543
Free Capital (12)	29,896,338	30,903,681	38,469,439	46,673,837	120,650,947
Demand Deposits	59,961,577	84,040,178	153,998,446	285,308,452	423,357,161

(1) Includes balances at the Central Bank and Required Reserves.

(2) 2019/12, 2020/12 and 2021/12 periods do not include the loan balance granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.

(3) Excludes Non-performing Loans. 2018/12 period includes the loan balance granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.

(4) 2019/12, 2020/12 and 2021/12 periods include the loan balance granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.

(5) Includes Turkish Lira and foreign currency debt instruments issued and subordinated debts.

(6) Fees and Commissions Received from Cash Loans are shown in Interest Income, Fees and Commissions Given to Cash Loans are shown in Interest Expenses.

(7) Includes Personnel Expenses.

(8) Net Operating Profit / Loss = Total Operating Income - Operating Expenses

(9) Interest Earning Assets include Turkish Lira and foreign currency required reserves.

(10) Averages calculated based on quarterly balances.

(11) Operating Income = Total Operating Income + Profit/Loss from Subsidiaries Based on Equity Method

(12) Free Capital = Shareholders' Equity - (Fixed Assets + Non-Financial Associates and Subsidiaries + Net Non-performing Loans)

Summary Financial Highlights and Key Ratios for the Five-Year Period

CONSOLIDATED					
ASSETS (TL Thousand)	2018/12	2019/12	2020/12	2021/12	2022/12
Cash	4,931,787	5,700,435	9,504,086	15,230,787	16,263,472
Receivables from Banks and Interbank Money Markets (1)	51,202,701	70,109,172	87,017,464	206,978,744	230,772,584
Securities (Net) (2)	77,942,727	97,304,703	128,082,066	173,820,212	342,656,590
Loans, Factoring Receivables and Lease Receivables (3)	303,495,889	316,028,505	403,934,870	590,297,628	885,150,975
Partnership Investments (Subsidiaries and Affiliates) (Net)	9,418,560	11,190,991	13,052,096	21,918,409	42,870,444
Fixed Assets (Net)	11,975,301	13,826,688	14,706,181	19,101,836	41,497,115
Other Assets (4)	40,940,392	50,891,344	61,855,500	97,056,457	156,220,389
Total Assets	499,907,357	565,051,838	718,152,263	1,124,404,073	1,715,431,569
LIABILITIES (TL Thousand)	2018/12	2019/12	2020/12	2021/12	2022/12
Deposits	248,981,402	302,791,204	381,693,393	617,679,203	952,635,932
Funds Borrowed and Money Markets (5)	137,945,969	130,065,019	167,635,067	272,909,829	299,862,793
Provisions	15,161,685	17,860,585	24,027,066	35,609,317	67,292,475
Other Liabilities	42,203,408	48,633,563	69,935,017	102,037,545	185,587,676
Shareholders' Equity	55,614,893	65,701,467	74,861,720	96,168,179	210,052,693
Total Liabilities	499,907,357	565,051,838	718,152,263	1,124,404,073	1,715,431,569
INCOME/EXPENSE ITEMS (TL Thousand)	2018/12	2019/12	2020/12	2021/12	2022/12
Interest Income (6)	44,078,656	48,453,830	47,960,977	69,449,187	140,591,973
Interest Expenses (6)	24,492,384	25,654,752	18,898,262	32,530,364	54,160,597
Net Interest Income	19,586,272	22,799,078	29,062,715	36,918,823	86,431,376
Net Trading Profit/Loss	-2,293,686	-4,633,920	-1,206,769	703,452	19,477,788
Net Fees and Commissions Income	3,756,035	4,611,770	4,919,413	6,691,855	14,671,415
Dividend Income	19,655	20,819	31,057	68,548	263,526
Other Operating Income	8,120,963	10,942,888	11,733,929	16,883,690	32,573,886
Total Operating Income	29,189,239	33,740,635	44,540,345	61,266,368	153,417,991
Operating Expenses (7)	14,656,126	17,512,911	21,179,158	30,381,409	59,881,644
NET OPERATING PROFIT/LOSS (8)	14,533,113	16,227,724	23,361,187	30,884,959	93,536,347
Provision for Losses on Loans and Other Receivables	7,012,853	9,236,283	14,150,040	16,810,490	19,231,075
Profit/Loss from Subsidiaries Based on Equity Method	1,569,036	1,462,479	1,455,956	4,874,850	10,205,448
PROFIT/LOSS BEFORE TAXES	9,089,296	8,453,920	10,667,103	18,949,319	84,510,720
Provision for Taxes	1,517,912	1,422,289	2,915,351	3,389,061	15,453,038
NET PERIOD PROFIT/LOSS	7,571,384	7,031,631	7,751,752	15,560,258	69,057,682
CONSOLIDATED					
KEY RATIOS	2018/12	2019/12	2020/12	2021/12	2022/12
Interest Earning Assets (9) / Total Assets	86.4%	85.8%	86.2%	86.2%	84.2%
Interest Earning Assets (9) / Interest Bearing Liabilities	111.7%	112.0%	112.7%	108.9%	115.4%
Securities / Total Assets	15.6%	17.2%	17.8%	15.5%	20.0%
Loans / Total Assets	59.1%	54.5%	54.6%	50.9%	49.7%
Loans / Deposits	118.6%	101.6%	102.7%	92.6%	89.4%
Personal Loans / Total Loans	19.8%	20.8%	22.1%	19.3%	20.8%
NPL Ratio	4.1%	6.4%	5.6%	4.1%	3.1%
Coverage Ratio	56.5%	53.5%	62.1%	65.0%	75.6%
Demand Deposits / Total Deposits	24.8%	28.4%	41.2%	47.3%	45.3%
Shareholders' Equity / Total Liabilities	11.1%	11.6%	10.4%	8.6%	12.2%
Capital Adequacy Standard Ratio	15.3%	16.4%	17.0%	18.7%	21.8%
Return on Average Assets (10)	1.6%	1.3%	1.2%	1.8%	4.9%
Return on Average Equity (10)	14.8%	11.8%	11.2%	19.2%	48.1%
OPEX / Operating Income (11)	35.9%	39.8%	36.0%	34.5%	27.5%

Summary Financial Highlights and Key Ratios for the Five-Year Period

OTHER INFORMATION (TL Thousand)	2018/12	2019/12	2020/12	2021/12	2022/12
Regulatory Capital	64,189,820	75,055,619	90,577,700	125,734,035	237,561,370
Core Capital	51,413,549	60,581,141	69,037,761	93,801,462	198,553,596
Free Capital (12)	28,971,576	31,093,535	38,572,660	46,881,642	119,423,191
Demand Deposits	61,655,721	86,043,036	157,339,437	291,867,150	431,703,325

- (1) Includes balances at the Central Bank and Required Reserves.
- (2) 2019/12, 2020/12 and 2021/12 periods do not include the loan balance granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.
- (3) Excludes Non-performing Loans. 2018/12 period includes the loan balance granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.
- (4) 2019/12, 2020/12, and 2021/12 periods include the loan balance granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.
- (5) Includes Turkish Lira and foreign currency debt instruments issued and subordinated debts.
- (6) Fees and Commissions Received from Cash Loans are shown in Interest Income, Fees and Commissions Given to Cash Loans are shown in Interest Expenses.
- (7) Includes Personnel Expenses.
- (8) Net Operating Profit / Loss = Total Operating Income - Operating Expenses
- (9) Interest Earning Assets include Turkish Lira and foreign currency required reserves.
- (10) Averages calculated based on quarterly balances.
- (11) Cost and income are netted against "Insurance Technical Income / Expense". Operating Income = Total Operating Income + Profit/Loss from Subsidiaries Based on Equity Method
- (12) Free Capital = Shareholders' Equity - (Fixed Assets + Non-Financial Associates and Subsidiaries + Net Non-performing Loans)

UN Women's Empowerment Principles Progress Statement

PRINCIPLES	GRI STANDARDS	RELATED SECTION
Principle 1 - Corporate Leadership Supporting Gender Equality	405-1, 405-2	Message from the General Manager, Initiatives Supported in the Field of Sustainability, Equal Opportunity and Diversity
Principle 2 - Equal Opportunity, Participation and Anti-discrimination	202-1, 401-1, 401-3, 405-1, 405-2, 406-1	Equal Opportunity, Diversity, Gender Equality
Principle 3 - Health, Safety and Freedom from Violence	406-1	Equal Opportunity, Diversity, Gender Equality, Employee Health and Safety
Principle 4 - Education and Training	404-1; 404-3	Equal Opportunity, Diversity, Gender Equality, Talent Management
Principle 5 - Business Development, Supply Chain and Marketing Practices	204-1; 103-1; 103-2; 103-3	Supply Chain Management, Business Ethics
Principle 6 - Community Leadership and Participation	413-1	Initiatives Supported in the Field of Sustainability
Principle 7 - Measurement and Transparent Reporting for Gender Equality	405-1; 405-2; 103-1; 103-2; 103-3	Equal Opportunity, Diversity, Gender Equality

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

To the General Assembly of Türkiye İş Bankası Anonim Şirketi

1. Qualified Opinion

We have audited the annual report of Türkiye İş Bankası A.Ş. ("the Bank") and its subsidiaries ("the Group") for the period of January 1, 2022 – December 31, 2022.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our reports, the consolidated and 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 Group are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

2. Basis for Qualified Opinion

As described in the Basis For Qualified Opinion section of Independent Auditor's Reports on the complete set of audited unconsolidated and consolidated financial statements of the Bank and the Group for the period between January 1, 2022 and December 31, 2022 dated February 6, 2023 and February 7, 2023 on the unconsolidated and consolidated financial statements respectively, as at December 31, 2022 include a free provision at an amount of TL 8,475,000 thousands of which TL 4,075,000 thousands was provided in prior years and TL 4,400,000 thousands provided in the current period by the Bank and the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of "Turkish Accounting Standard" (TAS) 37 "Provisions, Contingent Liabilities and Contingent Assets".

We conducted our audit in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 2015 published by Banking Regulation and Supervision Agency (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 Group 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 qualified opinion.

3. Our Auditor's Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We have expressed qualified opinions in our auditor's reports dated February 6, 2023 and February 7, 2023 on the full set unconsolidated and consolidated financial statements of the Group for the period of 1/1/2022-31/12/2022 respectively.

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 Group is responsible for the following items:

- 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

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

- Preparation and fair presentation of the annual report; reflecting the operations of the Group 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 the consolidated and unconsolidated financial statements. The development of the Group 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

- 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 Group,
- 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

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 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 , Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes, "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA) and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated and 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 consolidated and 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 consolidated and unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Fatma Ebru Yücel.

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



Fatma Ebru Yücel, SMMM
Sorumlu Denetçi

8 Mart 2023
İstanbul, Türkiye

Reporting Guidance

Environmental Indicators	
Total Energy Consumption (GJ)	Total energy consumption including energy sources covers electricity natural gas, fuel-oil, coal and diesel consumption figures. Electricity consumption was initially calculated in kWh and then converted to GJ. In this conversion, 1 kWh = 0.0036 GJ conversion factor was used. After calculating monthly natural gas consumption in m3, monthly coal consumption in kg, monthly fuel-oil and consumption in lt in 2022, it was converted to kWh by using the monthly-based lower heat values on the invoices. The annual total consumption is calculated by summing these monthly consumptions. Annual total consumption was converted to GJ using the conversion factor mentioned above and added to the total energy consumption. Reporting boundary for this KPI covers Turkey operations of İş Bankası.
Greenhouse Gas Emissions 1	Greenhouse gas emissions refer to carbon emissions from energy consumption during the reporting period. Greenhouse gas emissions resulting are calculated in accordance with The Greenhouse Gas Protocol: A Revised Corporate Accounting and Reporting Standard by Demir Energy, a firm offering strategy, management and reporting services in the area of sustainability. Greenhouse gas emissions are calculated in 3 different scopes: Scope 1 (Direct Greenhouse Gas Emissions), Scope 2 (Indirect Greenhouse Gas Emissions) and Scope 3 (Other Indirect Greenhouse Gas Emissions). IPCC 5 th Assessment Report factors were used for emission factors. Network Emission Factor has been calculated in accordance with the data provided by TEİAŞ. Direct greenhouse gas (GHG) emissions (Scope 1) and indirect energy greenhouse gas (GHG) emissions (Scope 2) were made according to the GHG Protocol – According to location-based criterion. Other indirect greenhouse gas (GHG) emissions (Scope 3) are reported according to the GHG Protocol. DEFRA emission factors were used for air travel emissions and Environmental Paper Network emission factors were used for paper consumption. While calculating greenhouse gas emissions, the following sources causing carbon emissions were considered: Scope 1 Emissions* : - Natural gas, diesel, LPG, fuel oil and coal consumption for heating purposes, - Fuels used in generators (Diesel), - Company vehicles fuel Consumption (Diesel and Gasoline) - Refrigerants (Leaks reported during installation and maintenance phases are taken into account) Scope 2 Emissions* : - Electricity Consumption Scope 3 Emissions* : - Fuel consumption of Personnel Service Vehicles - Local Business Travels (Flight, Bus, Taxi) - International Business Travels (Flight, Bus, Taxi) - Fuel consumption of Private Car Used for Business Purposes - Paper Consumption * Reporting boundary for this KPI covers Turkey operations of İş Bankası. * The impact of remote working is not included in the resource consumption and emission calculations in the reporting period.
Fuel consumption of vehicles	Personnel service vehicles include the vehicles transporting İş Bankası employees at İş Kuleleri Kule 1, ATOM, TUTOM and branches. Fuel consumption was calculated over total distance figures, provided by the supplier firm, transporting İş Bankası employees. Fuel consumption by personal vehicles: Personal vehicles include the vehicles used for business purposes by the working personnel in the Headquarters buildings (Business Towers Tower 1, ATOM, TUTOM and ATLAS buildings) and in all stores. Company vehicles cover all vehicles in the Bank’s fleet also including transportation vehicles. Fuel consumption data by those vehicles was provided by the supplier firm.

Total Water Consumption (m³)	Municipal water and rainwater are used locally in Türkiye operations. The reporting scope includes the total amount of water used and withdrawn for consumption purposes. Water consumption is evaluated in 3 different categories as Municipal water, Rainwater and Drinking water. The amount of water purchased from municipalities or other operating systems such as İSKİ is included in the total municipal water. Consumption values are followed from invoices and prepaid counters located in the buildings. Consumptions at all locations are tracked and reported throughout the year. For a small number of (28) service buildings whose water consumption amounts could not be determined in any way, estimated consumption value information was calculated based on the number of employees in accordance with the TS1258 standard. Rainwater is collected and filtered through the rainwater collection channels installed in the Headquarters buildings; stored in the reservoirs, and the water used from this reservoir is measured and monitored by the building management via watermeter readings. Rainwater includes the amount of water recovered/reused. Total drinking water refers to the amount of water consumed for drinking purposes in the Headquarters buildings. Drinking water for these buildings is supplied by tankers and bottled water; which have been recorded since 2021. In service buildings that own ISO14001 certificate, total drinking water is supplied by bottled water. The water consumed in service buildings is not included in the reporting scope. The total amount of wastewater was calculated as the sum of the amount of water purchased as municipal water and collected as rainwater and reused in various activities.
Emission Intensities	It includes the greenhouse gas emission intensity values calculated by dividing the Bank’s Scope 1 and Scope 2 greenhouse gas emissions by its consolidated assets, the total number of employees in Turkey and its consolidated net profit. The Bank’s total assets and net profit are taken from the 31 December 2022 financial statements approved by the independent auditor.
Total amount of waste recycled (tons)	- The total amount of waste recycled; consists of recycled non-hazardous waste, recycled hazardous waste, paper waste and electronic waste. - Plastic, metal and glass wastes collected within the scope of recycled non-hazardous wastes are evaluated. - Battery, fluorescent lamp, battery, car battery and toner cartridge wastes collected within the scope of recycled hazardous wastes are evaluated. - Recycled paper waste, paper, cardboard, parcels etc. indicates the amount of waste. - Waste reporting limits include ATOM, TUTOM, Kule-1, ATLAS buildings and Branch buildings included in the ISO14001 environmental management certificate. Receipts from authorized recycling companies have been taken into account in calculating the amount of recycled waste.

Renewable Energy Portfolio of İş Bankası	
Number of renewable energy projects financed in 2022, installed capacity (MW) and loan amount provided to these projects	Renewable energy projects financed in 2022 included, - Hydroelectric Power Plant (HEPP) - Wind Power Plant (WPP), - Biomass Power Plant (BES) - Solar Power Plant (GES) - Geothermal Power Plant (GPP)
Total installed capacity of renewable energy projects financed by İşbank	The loan amount provided for the projects has been determined over the total limit information by taking the sum of cash and non-cash loans extended by the Corporate Loans Allocation, Commercial and Retail Loans Allocation and Project Finance Departments of the Bank. In this process, the loan allocation files of the projects were taken as reference in determining the total loan amounts provided to the projects along with the information on installed capacity. The number of renewable energy projects covers the number of power plants financed. When calculating Installed power capacity for projects financed by consortium structures, bank shares are not taken into consideration in calculating and total installed power information of the power plant/plants is reported.

Reporting Guidance

Indicators for Environmental and Social Risk Assessment	
Number of financed projects subjected to environmental and social risk assessment and risk categories	Within the scope of the Environmental and Social Risk Assessment Model (ÇESMOD), whose details are given under the heading Responsible Finance in the Responsible Banking section, projects with an investment amount of 10 million USD or more in the reporting period, for which loans have been allocated and/or committed, are evaluated. Projects entering the ÇESMOD evaluation process; It is evaluated with reference to national legislation and national and international regulations such as IFC (International Finance Corporation) Performance Standards, EBRD (European Bank for Reconstruction and Development) Performance Requirements, Equator Principles, and a Project Environmental and Social Assessment Document is issued for each project.
Field visits within the scope of Environmental and Social Risk Assessment	Definition of this indicator covers the number of field visits carried out within the scope of environmental and social risk assessment during the reporting period to monitor the projects financed in 2022 or before.
Talent Management Indicators	
- Average annual training hours per employee - Average training hours per female employee - Average training hours per male employee	Training hours are calculated considering all trainings, excluding private security renewal trainings given to employees during the year. In this context, the calculations are made by dividing the total hours of training given to the employees during the reporting period by the number of employees as of 31 December 2022 (private security and servant staff are not included in these calculations.).
- Number of employees received "Anti-Bribery and Anti-Corruption" training and total training time - Number of employees received "Ethical Principles / Business Ethics" training and total training time - Number of employees received "Human Rights" training and total training time - Number of employees received "Sustainability" training and total training time - Number of employees received "Information Security" training and total training time	"Anti-Bribery and Anti-Corruption", "Ethical Principles", "Human Rights" and "Sustainability" trainings are covered by the training modules including those subjects. Calculations for this indicator consider the number of employees participated in those trainings and the amount of time allocated to those issues within these trainings. There are no trainings directly devoted to "Anti-Bribery and Anti-Corruption", "Ethical Principles", "Human Rights" and "Sustainability" issues within the Bank. However, these issues have been addressed within certain training programs for certain periods of time. Therefore, when calculating the total hours of training and the number of participants, the time allocated for these titles is taken into account within the existing training programs. On the other hand, when calculating the training periods, the duration of the training given in these areas in the training programs organized by the Board of Inspectors for the Board Members are not included. The subject of human rights is also mentioned in the course of " Law on Private Security Services and Individual Rights", which is provided to private security personnel as part of the renewal trainings at certain time intervals. This subject was not included in calculations, since it is a subject mentioned within the 10-hour renewal trainings provided by different suppliers in different provinces. Calculations for total hours of information security trainings, considered the number of employees participated in trainings covering information security related issues (cyber security, social engineering and information security etc.) and the number of hours devoted those subjects.
- Hours of training per newly recruited employees in the first year - Hours of Management and Leadership Development Program training per person - Hours of IT Competence Development Trainings per person - Share of digital trainings in total trainings	Hours of training per newly recruited employees in the first year indicates the ratio of the total hours of training received by new employees during the reporting period to the number of newly recruited employees. In calculation of the relevant indicator, private security staff, members of the administrative council and servant staff were excluded. Hours of management and leadership development programs per person is calculated by dividing the total hours of training management and leadership development programs by the number of managers (sub Manager and above) as of 31 December 2022. Hours of IT competence development training per person is calculated by dividing the total hours of "IT Business Line Trainings" during the reporting period with the number of employees within the Department of Information Technologies and Data Management (excluding private security and servant staff) as of 31 December 2022. Digital trainings include distanced education such as videos, e-trainings and e-games. The share of digital trainings in total trainings is calculated by dividing the total duration of Digital Trainings completed in the reporting period by the total hours calculated for all trainings.
Human Resources Indicators	
Total Number of Employees	Total number of employees covers all employees of Türkiye İş Bankası those are employed at Turkey and overseas operations as of 31st of December 2022. Interns; subcontractors; employees of Bank-Finance and Insurance Workers Union (BASİSEN) and Türkiye İş Bankası A.Ş. Mensupları Emekli ve Munzam Sandık Vakıfları; and subsidiary employees at Turkey and overseas operations are excluded from the total number of employees.
Breakdown of employees by gender and type of employment	This indicator refers to breakdown of total number of employees by gender and employment type (Full Time / Part Time and Partial Time Status). Employment types include full time, part time and partial time status employees. Part time employees include those, for whom, a working day consists of 4 hours. Whereas partial time status employees include those, for whom a working day consists of 5 hours. Partial time status is provided to contract-based employees as well as permanent staff who had returned from maternity leave or their partners.

Employee Turnover Rate	Covers the ratio of the total number of employees who resigned during the year to the average number of employees. The average number of employees is calculated by dividing the sum of number of Bank's employees determined at each month by 12.
Women Ratio in senior Management (%)	Covers the ratio of total number of female employees with the title of sub manager and above to the total number of employees working with the title of sub manager and above, as of 31 December 2022. (sub manager and above titles include second manager, IT manager, managers and members of the Board of Directors.)
Unionization rate	This Indicator covers the ratio of employees who are members to BASİSEN to the total number of employees as of 31 st of December 2022.
Number of employees benefited from maternity leave	Covers the number of employees who had left for paid or unpaid maternity leave during the reporting period.
Number of employees returned from maternity leave	Covers the number of employees who had returned from paid or unpaid maternity leave during the reporting period.
Rate of return from maternity leave	The ratio of return from maternity leave is defined as the ratio of female employees who had returned to work from (paid or unpaid) maternity leave during the reporting period to the total number of female employees whose date of return from (paid or unpaid) maternity leave was within the reporting period.
Retention rate after maternity leave	Retention rate after maternity leave covers the female employees those who continue to work at İş Bankası as of the end of reporting period. Reporting and calculations for those employees cover one year prior to the reporting period. The rate of retention reported for 2022 reflects the rate of female employees who had returned from (paid or unpaid) maternity leave in 2021 and continued to work at İş Bankası for 1 year to the number of female employees who had returned from (paid or unpaid) maternity leave in 2021.
Number of employees benefited from paternity leave	Covers the number of employees who had left for paid or unpaid paternity leave during the reporting period.
OHS data on the basis of female and male employees	
Number of Incidents	Occupational Health and Safety related data covers İş Bankası employees within the borders of the Republic of Turkey. It covers the definition of work accident within laws numbered 6331 and 5510. In this context, calculations are made by considering the statements of the employees who reported work accidents, the hospital reports, the workplace doctor or the institution doctor reports.
Injury Rate	It is the ratio of the number of injuries resulting from occupational accidents to the total number of full-time employees.
Number of Fatal Incidents and Number of Work Related Fatalities	It is the number of fatalities resulting from accidents. As a result of the incident, it is evaluated according to the result of the fatalities report submitted by the competent authorities together with the judicial authorities.
Number of Occupational Disease	It is the number of temporary or permanent diseases that are exposed due to a recurring reason caused by the nature of the work or related conditions of the work. These calculations are made in-line reports that have been prepared by the Health Boards authorized by the Turkish Ministry of Health.
Absence due to accident	Calculated by considering the days of absence due to work accidents. In this regard, calculations are made according to the periods as stated in the doctor/hospital reports of the employees those had reported work accidents to Human Resources Management Division.
Total Injury Frequency Rate (IR - Injury Rate)	The ratio of accidents during the year to total working time is calculated. In this regard, calculations are made by the formula of "Total number of accidents/ (Total working hours - Lost hours) * 200,000". The number of accidents in this formula is obtained from the accident report forms filled out by employees. While calculating total working hours, official holidays within the year are subtracted and 1 workday is accepted as 8 hours. Lost hour data is reported by calculating total number of work hours lost by the number of daily absences due to accidents.
Lost Day Rate (LDR)	Covers the ratio of the number of days lost due to work accidents to total work hours. This calculation uses the following formula "(Total number of lost days * 200,000)/Total work hours". The lost days in the formula covers absences due to accident.
Occupational Disease Rate (ODR)	It is calculated by taking into account the ratio of total working hours of employees who are exposed to temporary or permanent occupational diseases due to a recurring reason caused by the nature of the work or due to conditions of the work. In this calculation, the formula used was as the following: "(Number of Occupational Diseases * 200,000) / Total Working Hours".
Absentee Rate (AR)	Covers the ratio of lost work hours to total work hours. This calculation uses the formula "Lost work hours/Total human work hours".
Number of OHS Committees established and the total number of members corresponds to the total number of members to OHS committees working on the committees	The indicator covers the number of OHS committees established at İş Bankası buildings with an employee population of 50 or more, in accordance with the law number 6331 on OHS. In this context total number of members corresponds to the total number of members to OHS committees. Union representatives are considered as natural employee representatives.

Reporting Guidance

Other Indicators	
Total amount of loan agreements signed with international financial institutions within the sustainable framework for the year of 2022	In 2022, the amount of loans obtained from international financial institutions such as KfW, EIB, EBRD, Proparco, OPIC and IFC to create environmental and social benefits through bilateral agreements or securitization transactions were controlled. A list of 1 loan agreements that are in-line with the sustainable framework signed with international financial institutions was obtained from the Financial Institutions Department, and the relevant loan agreements and loan proceeds and related supporting documents were reviewed. Criteria such as signing date, official signatures, loan proceed and use of proceed date and principal amount, interest amount, original currency type in these contracts and loan proceed documents were analysed. The bank system screenshots of the relevant loans were obtained and compared with the screenshots of the amounts reported to the TCMB and the BDDK.
Number of customers	The indicator covers all İş Bankası clients (including real and legal persons) as of 31 December 2022 except for cancelled customers (customers whose accounts were closed) and customers with non-performing loans, also including individual clients with inactive accounts and persons who had engaged with the Bank (those who made a credit application or a money transfer as well as those who possess a supplementary card and those who represent an İş Bank client) hence seen as a potential client.
Number of digital banking customers	The number of customers who have successfully logged into any of the individual İşCep, commercial İşCep, Maximum Mobil, Maximum İş Yerim, Individual Internet Branch or Commercial Internet Branch channels with their customer number and password during the reporting period.
Number of mobile banking users	The number of customers who have successfully logged into any of the individual İşCep, commercial İşCep, Maximum İş Yerim or Maximum Mobil channels with their customer number and password during the reporting period.
Customer Satisfaction Score Net Promoter Score	The indicator covers scores reflected in individual and commercial customer experience surveys conducted by independent research companies during the reporting period.
Paper savings through digitized processes (Number of pages printed)	The indicator reflects the difference of the total number of pages printed in same brand printers in İş Bankası branches during the reporting period compared to the previous year. During the calculations number of print reports provided by the printers were taken into account.
Number of trees planted during the year within the scope of the project carried out with the TEMA Foundation	Includes the number of trees which will be planted in 2022 in exchange to the paper waste (papers belonging to the expired files collected from archives) donated by İş Bankası to TEMA in between 31 January 2022 -1 March 2022. 1 tree is planted for every 100 kg of paper waste donated. In this context, receipts of collected paper waste from İş Bankası archives were examined.
Number of graduates from “81 Students from 81 Cities” Project conducted with Darüşşafaka	Includes the number of graduates during the reporting period from Darüşşafaka within the scope of the scholarship program, 81 Students from 81 Cities, conducted by İş Bankası with Darüşşafaka. An official letter provided by Darüşşafaka was taken into consideration.
Total Amount of Cash Loans Extended to the Agricultural Sector (billion TL)	Covers the total amount of retail and commercial cash loans extended to the agriculture and livestock sector during the reporting period and also includes loans covered by the NACE A code. The labelling and classification of loans on the system has been checked and tested.
Total Amount of Loans Provided to SMEs (billion TL)	Definition of this indicator in previous years, covered individual and commercial cash loans extended to SMEs. During the reporting period of 2022, the definition was extended to cover individual and commercial cash and non-cash loans extended to SMEs.
Number of views of İŞ'TE KOBİ	Includes the number of users logged into İş Bankası's www.istekobi.com.tr website which has been active since 2008, during the reporting period. Calculations within this indicator took into account Google Analytics data.
Number of ATMs	Includes the total number of ATMs belonging to İş Bankası in Turkey and Turkish Republic of Northern Cyprus (TRNC) as of the reporting period. In this context data provided by the Interbank Card Center for December 2022 has been taken into account.
Number of Disabled-friendly ATMs	Includes the total number of ATMs belonging to İş Bankası, located in Turkey and TRNC which are accessible to a wheelchair and/or includes a headphone jack as of the reporting period.
Total Amount of Cash Loans Extended to the Women Entrepreneurs	In the year of 2022, total amount of loans extended to the female customers whom definition is in-line with the BDDK's SME loan definition in TL among the loans extended to SMEs was checked and tested.

Limited Assurance Report



KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri, Kule 3, Kat:2-9
Levent 34330 İstanbul
+90 212 316 60 00
+90 212 316 60 60
www.kpmg.com.tr

Limited Assurance Report

To the Board of Directors of T. İş Bankası A.Ş.

We were engaged by T. İş Bankası A.Ş. (hereinafter “Bank” or “İş Bankası”), to provide independent limited assurance on the “Selected Information” contained in the Integrated Annual Report of İş Bankası (hereinafter "the Report") for the year ended 31 December 2022.

The scope of our assurance is limited to the Selected Information listed for İş Bankası below:

- Number of renewable energy projects financed during the year, their installed capacity (MW) and the loan amount provided to these projects (million USD)
- Number of projects financed after undergoing environmental and social risk evaluation, and risk categories
- Number of field visits made as part of environmental and social risk management
- Total amount of cash commercial loans extended to the agricultural sector (billion TL)
- Total amount of loan agreements signed with international financial institutions within the sustainable framework during the year
- Amount of supplied renewable energy
- Total amount of loans provided to SMEs (billion TL)
- Number of İŞ'TE KOBİ SME website views
- Total amount of financing provided to women entrepreneurs
- Number of saplings planted during the year under the project with the TEMA Foundation
- Number of Customers
- Net Promoter Score
- Customer satisfaction score
- Number of ATMs
- Number of disabled-friendly ATMs
- Ratio of disabled-friendly ATMs (%)
- Number of digital banking customers
- Number of mobile banking users
- Total paper savings due to digitized processes (pages)
- Total number of employees
- Breakdown of employees by gender and type of employment
- Employee turnover rate (%)
- Women employee ratio in senior management (%)
- Unionization rate (%)
- Numbers of employees taking and returning from maternity leave
- Rate of return from maternity leave and retention rate after maternity leave (%)
- Number of employees using paternity leave
- OHS data on the basis of female
 - Number of incidents
 - Number of fatal incidents
 - Number of occupational diseases
 - Days of absence due to accident
 - Accident frequency rate
 - Lost day rate (LDR)
 - Occupational disease rate (ODR)
 - Absentee rate (AR)
 - Injury rate
 - Number of work-related fatalities
 - Number of employees carrying out tasks with a high risk of occupational diseases

Limited Assurance Report

- Number of Occupational Health and Safety Committees (OHS Committees) and the total numbers of members and employee representatives in the committees
- Average training hours per employee, average training hours per female employee, average training hours per male employee
- Hours of training per newly recruited employee in their first year
- Number of employees receiving "Anti-Bribery and Anti-Corruption", "Ethical Principles / Business Ethics", "Human Rights" and "Sustainability" training and total training hours
- Number of participants of information security trainings and total training hours
- Share of digital trainings within all trainings (%)
- Hours of training per person in the management and leadership development program
- Hours of training per person in Information Technologies (IT) competence development trainings
- Number of graduates from the "81 Students from 81 Cities"
- Greenhouse Gas Emissions;
 - Scope 1 (ton CO2e)
 - Scope 2 (ton CO2e)
 - Scope 3 (ton CO2e)
- Category 1: Purchased Goods and Services (resulting from paper consumption)
- Category 5: Waste Generated in Operations
- Category 6: Business Travel
- Category 7: Employee Commuting
 - Refrigerants consumption (kg)
 - Total energy consumption (GJ)
 - Electricity consumption (kWh)
 - Natural gas consumption (m3)
 - Fuel-oil consumption (lt)
 - Coal consumption (kg)
 - Diesel consumption (lt)
- Fuel consumption of vehicles (lt) (fuel consumption of company vehicles, fuel consumption of personnel service vehicles, fuel consumption due to business travel with private cars)
- Total water consumption (m3)
 - Total consumption of municipal water (m3)
 - Total rainwater (recovered/reused) (m3)
 - Total drinking water (m3)
 - Total wastewater production (m3)
- Amount of total waste and type of waste
- Amount of domestic waste (tons) and type of waste
- Hazardous waste (batteries, fluorescent lamps, car batteries, toner cartridges)
 - Amount (tons) and type of recycled waste
 - Amount (tons) and type of recycled non-hazardous waste (paper, plastic, metal, glass)
 - Amount (tons) and type of recycled hazardous waste
 - Amount of electronic waste recycled
- Emission intensities (per employee (tonnes of CO2e/number of employees), per consolidated total assets (tonnes of CO2e/millions TL), and per consolidated net profit (tonnes of CO2e/millions TL))

Management's responsibilities

Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the İş Bankası's Reporting Guidance as described in the Report, and the information and assertions contained within it; for determining the İş Bankası's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that İş Bankası complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Limited Assurance Report

Our responsibilities

Our responsibility is to carry out a independent limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

We apply the International Standard on Quality Control 1 (ISQC1) and, in conformity with this Standard, maintain a comprehensive system of quality control including documented policies and procedures regarding the compliance with ethical principles, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on a Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information,
- Using the Reporting Guidance of the Report to measure and evaluate the Selected Information,
- Evaluating the design and implementation of key processes and controls over the Selected Information,
- Re-performing, on a sample basis, the calculations used to prepare the Selected Information for the reporting period,
- Evaluating the disclosure and presentation of the Selected Information in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of İş Bankası,
- Comparing the information presented in the Selected Information to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Selected Information,
- Reading the information presented in the Selected Information to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of İş Bankası.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less wide than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement.

Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information as defined in the Report of İş Bankası for the year ended 31 December 2022 is not presented, in all material respects, in accordance with the İş Bankası's internally developed reporting criteria as explained in the Reporting Guidance.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for İş Bankası in connect with reporting to İş Bankası and for no other purpose or in any other context.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than İş Bankası, for any purpose or in any other context. Any party other than İş Bankası who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than İş Bankası for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Şirin Soysal,
Partner
İstanbul, 8 March 2023

GRI Content Index



Statement of Use	İşbank has prepared its report covering the period January 1, 2022–December 31, 2022 in accordance with GRI Standards.
Use of GRI 1	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	/

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS		
			Requirement(s) Omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	An Overview of İşbank, pp.: 10-14 https://www.isbank.com.tr/en/about-us/who-we-are	-	-	-
	2-2 Entities included in the organization's sustainability reporting	About the Report, p. 6	-	-	-
	2-3 Reporting period, frequency and contact point	About the Report, p. 6; Contact - Back Cover	-	-	-
	2-4 Restatements of information	GRI Content Index: There is no restated information in the report.	-	-	-
	2-5 External assurance	Independent Assurance Report will be added as soon as the audit report is completed.	-	-	-
	2-6 Activities, value chain and other business relationships	https://www.isbank.com.tr/en/about-us/who-we-are İşbank Overview, page: 8	-	-	-
	2-7 Employees	Human Resources Data, pp.: 446-447	-	-	-
	2-8 Workers who are not employees	Human Resources Data, pp.: 446-447	-	-	-
	2-9 Governance structure and composition	Management Structure, pp. 135-137	-	-	-
	2-10 Nomination and selection of the highest governance body	Management Structure, p. 135	-	-	-
	2-11 Chair of the highest governance body	Management Structure, pp. 135, 145	-	-	-
	2-12 Role of the highest governance body in overseeing the management of impacts	Management Structure, p. 135	-	-	-
	2-13 Delegation of responsibility for managing impacts	Sustainability Management, p. 34; Management Structure, pp. 135, 145	-	-	-
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Management, p. 34	-	-	-
	2-15 Conflicts of interest	Management Structure, p. 135	-	-	-
	2-16 Communication of critical concerns	Our Stakeholders, pp. 35-37	-	-	-
	2-17 Collective knowledge of the highest governance body	Board of Directors, pp. 136-143	-	-	-
	2-18 Evaluation of the performance of the highest governance body	Board of Directors, pp. 147-153	-	-	-
	2-19 Remuneration policies	Employee Rights, page; Remuneration Policy, https://www.isbank.com.tr/bankamizi-taniyin/Documents/yatirimci-iliskileri/ucretlendirme-politikasi.pdf	-	-	-
	2-20 Process to determine remuneration	Remuneration Policy https://www.isbank.com.tr/bankamizi-taniyin/Documents/yatirimci-iliskileri/ucretlendirme-politikasi.pdf	-	-	-
	2-21 Annual total compensation ratio	Remuneration Policy https://www.isbank.com.tr/bankamizi-taniyin/Documents/yatirimci-iliskileri/ucretlendirme-politikasi.pdf	2-21 a; 2-21 b; 2-21 c	Confidentiality constraint	İşbank does not disclose this information due to confidentiality.
	2-22 Statement on sustainable development strategy	Our Business Model: İşbank Banking, pp. 28-33	-	-	-
	2-23 Policy commitments	Sustainability Management, p. 34	-	-	-
	2-24 Embedding policy commitments	Sustainability Management, p. 34	-	-	-
	2-25 Processes to remediate negative impacts	Our Stakeholders, pp. 34-37; Sustainability Management, p. 34	-	-	-
	2-26 Mechanisms for seeking advice and raising concerns	Prioritization Process in İşbank pp. 38-45, Our Stakeholders, pp. 35-37	-	-	-
	2-27 Compliance with laws and regulations	Footnote: pp. 299, 407, 415,	-	-	-
	2-28 Membership associations	Initiatives Supported in the Field of Sustainability, pp. 47-49; Corporate Memberships, p. 443	-	-	-
	2-29 Approach to stakeholder engagement	Our Stakeholders, p. 34; Prioritization Process in İşbank pp. 38-45	-	-	-
	2-30 Collective bargaining agreements	Key Performance Indicators, p. 446	-	-	-

For the Content Index - Core Service, the GRI Services reviewed that the GRI content index is presented in a clear and consistent manner with the Standards and that references to disclosures 2-1 to 2-5, 3-1, and 3-2 are consistent with the relevant sections of the report. This service was performed on the Turkish version of the report.

GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS		
			Requirement(s) Omitted	Reason	Explanation
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Prioritization Process in İşbank pp. 38-45	-	-	-
	3-2 List of material topics	Materiality matrix, p. 39	-	-	-
Financial Performance and Profitability					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p.: 39; Financial Performance, pp. 57-58	-	-	-
GRI 201: Economic Performance 2016	201-1 Economic value generated	Value Creation Model, pp. 32-33; Financial Performance, pp.: 57-58	-	-	-
	201-4 Financial assistance received from government	GRI Content Index: No government support was received.	-	-	-
Business Ethics, Transparency and Reporting					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Management Approach, pp.: 135-137	-	-	-
GRI 205: Anti-Corruption 2016	205-1 Total number and percentage of operations assessed for risks related to corruption and significant risks identified	Business Ethics, p.: 162	-	-	-
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics, p.: 162; Anti-Bribery and Anti-Corruption, p. 163	-	-	-
	205-3 Incidents of corruption	Business Ethics, p.: 162; Anti-Bribery and Anti-Corruption, p. 163	-	-	-
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	GRI Content Index: Among the recruitment conditions in our Bank's Personnel Regulations, there is a regulation that requires employees "to be over the age of 18".	-	-	-
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	GRI Content Index: The working conditions of employees at İşbank are determined within the framework of the provisions of the labor legislation, the Bank's internal regulations, and the provisions of the Collective Bargaining Agreement. In this context, the principle of freedom of employment and contract as expressed in the Constitution is valid at İşbank. In addition, İşbank is among the organizations with the highest rate of unionized employees in the sector. Therefore, İşbank does not have any operations with the risk of forced / compulsory labor.	-	-	-
GRI 410: Security PracticeS 2016	410-1 Kuruluşun insan hakları politikaları veya prosedürleri konusunda eğitim görmüş güvenlik personelinin yüzdesi	GRI Content Index: In accordance with Law No. 5188 on Private Security Services and the provisions of the regulation on the implementation of this Law, persons whose Private Security Identity Card validity will expire must take this training. The validity period of the Identity Card is 5 years. Accordingly, 191 Private Security Officers received the relevant training in 2022. On 31.12.2022, the number of our Private Security Officers was 1869 and 10.22% of them attended the refresher training.	-	-	-
GRI 415: Public Policies 2016	415-1 Political contributions	GRI Content Index: İşbank does not make donations to any political parties.	-	-	-
GRI 206: Anti-Competitive Behavior 2016	206-1 Anti-Competitive Behaviors	Footnotes: pp. 299, 415	-	-	-
Efficient Risk Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Efficient Risk Management, pp.: 158-161	-	-	-
GRI 201: Economic PerformanCE 2016	201-2 Risks due to climate change	Climate Action, pp.: 76-78; Risks, Opportunities & Future Insights, p.: 23	-	-	-
Digital Banking					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Digital Banking, pp.: 88-91	-	-	-
Customer Centricity					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Customer Centricity, pp.: 65-67	-	-	-
GRI 417: Marketing And Labeling 2016	417-1 Product and Service Information and Labeling	Responsible Marketing, p.: 68; Financial Literacy, p.: 71	-	-	-
	417-2 Incidents of non-compliance concerning product and service information and labeling	GRI Content Index: There are no cases associated with non-compliance with the regulations and rules on product and service information and labeling during the reporting period.	-	-	-
	417-3 Incidents of non-compliance concerning marketing communications	GRI Content Index: There are no cases associated with non-compliance with the regulations and rules on marketing communication during the reporting period.	-	-	-

GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS		
			Requirement(s) Omitted	Reason	Explanation
Cyber Security and Customer Privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Information Security at İşbank, pp.: 99-100	-	-	-
GRI 418: CUSTOMER PRIVACY 2016	418-1 Customer Data Privacy	GRI Content Index: The number of complaints is not disclosed due to data privacy.	-	-	-
Responsible Financing and Investment Integrating ESG Criteria					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Environmental and Social Risk Management in Loans, pp.: 82-83	-	-	-
GRI 304: Biodiversity 2016	304-2 Impact of activities on biodiversity	Environmental and Social Risk Management in Loans, pp.: 82-83	-	-	-
GRI 413: L0cal Communities 2016	413-2 Operations with negative impacts on local communities	Environmental and Social Risk Management in Loans, pp.: 82-83	-	-	-
Responsible Products and Services					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Responsible Products and Services, pp.: 68-70	-	-	-
Employee Rights and Satisfaction					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Employee Rights, p.: 122	-	-	-
GRI 202: Market PresenCE 2016	202-1 Entry level wage by gender	Employee Rights, p.: 122; Remuneration Policy, https://www.isbank.com.tr/bankamizi-taniyin/Documents/yatirimci-iliskileri/ucretlendirme-politikasi.pdf	-	-	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Key Performance Indicators, p.: 115	-	-	-
	401-2 Benefits provided to full-time employees that are not provided to part-time employees	Employee Rights, p.: 122; Remuneration Policy, https://www.isbank.com.tr/bankamizi-taniyin/Documents/yatirimci-iliskileri/ucretlendirme-politikasi.pdf	-	-	-
	401-3 Parental Leave	Human Resources Data, pp.: 448	-	-	-
GRI 402: Labor/ Management Relations 2016	402-1 Notice Periods	GRI Content Index: In case of significant operational changes, legal notice periods are followed.	-	-	-
GRI 404: Training and EducatiON 2016	404-1 Hours of training per employee	Talent Management, pp.: 126-127	-	-	-
	404-2 Talent management and lifelong learning program	Talent Management, pp.: 126-127	-	-	-
	404-3 Percentage of employees receiving regular performance and career development reviews	Talent Management, pp.: 126-127	-	-	-
GRI 403: Occupational Health And Safety 2018	403-1 Percentages of employees represented in management-worker health committees	Employee Health and Safety, p.: 125	-	-	-
	403-2 Type of injury and accident frequency rates, occupational diseases, lost days and absenteeism, and total number of work-related fatalities	Employee Health and Safety, p.: 125	-	-	-
	403-3 Occupational health services	Employee Health and Safety, p.: 125	-	-	-
	403-4 Employee participation	Employee Health and Safety, p.: 125	-	-	-
	403-5 Training on occupational health and safety	Employee Health and Safety, p.: 125	-	-	-
	403-6 Promotion of employee health	Employee Health and Safety, p.: 125	-	-	-
	403-8 Scope of occupational health and safety management system	Employee Health and Safety, p.: 125	-	-	-
	403-9 Work-related accidents	Human Resources Data, pp.: 449	-	-	-
	403-10 Work-related deaths	Human Resources Data, pp.: 449	-	-	-
GRI 407: Freedom of Association or Collective Bargaining 2016	407-1 Collective bargaining agreements and union rights	Employee Rights, p.: 118	-	-	-
Equal Opportunity, Diversity and Gender Equality					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Equal Opportunity, Diversity and Gender Equality pp.: 121-123	-	-	-
GRI 201: Economic Performance 2016	201-3 Retirement plans	2020 Activity Report , pp.: 162, 225-227, https://www.isbank.com.tr/bankamizi-taniyin/finansal-bilgiler	-	-	-
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Resources Data, pp.: 450-454; Equal Opportunity, Diversity and Gender Equality, pp.: 125-127	-	-	-
	405-2 Ratio of basic salary and remuneration of women to men	GRI Content Index: Remuneration is managed through transparent and measurable processes and systems, and there is no gender-based wage differentiation. This rate is 1 as there is no difference in wages based on gender. Employee Rights, p.: 122	-	-	-

GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS		
			Requirement(s) Omitted	Reason	Explanation
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination	GRI Content Index: İşbank makes all decisions about its employees independent of race, religion, language, sect or any belief, sexual orientation/preference, gender, mental or physical disability, age, cultural or social class and thought/opinion differences; it refuses any discrimination against or among the employees and managers.	-	-	-
Responsible Purchasing and Supply					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Sustainability Priorities, pp.: 110-112	-	-	-
GRI 204: Procurement Practices 2016	204-1 Amount of local procurement budget and its ratio in the total procurement budget	Responsible Purchasing, p.: 112	-	-	-
GRI 308: Supplier Environmental Assessment 2016	308-1 Suppliers Subject to Environmental Assessment	Responsible Purchasing, p.: 110-112	-	-	-
	308-2 Significant actual and possible negative environmental impacts of the supply chain and actions taken	Responsible Purchasing, p.: 110-112	-	-	-
GRI 414: Supplier Social Assessment 2016	414-1 Ratio and number of new suppliers that were screened using social criteria	Responsible Purchasing, p.: 110-112	-	-	-
	414-2 Actual and possible negative social impacts of the supply chain and actions taken	GRI Content Index: No negative social impacts were observed in the supply chain.	-	-	-
The Bank’s Environmental Footprint					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Environmental Impact Management, p. 108; Environmental and Social Impacts Policy https://www.isbank.com.tr/bankamizi-taniyin/politikalarimiz	-	-	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Key Performance Indicators, p.: 106	-	-	-
	302-2 Energy consumption outside the organization	Key Performance Indicators, p.: 106	-	-	-
	302-3 Energy intensity	Key Performance Indicators, p.: 106	-	-	-
	302-4 Reduction of energy consumption	Environmental Impact Management, p.: 108	-	-	-
	302-5 Reduction in energy requirements of products and services	Environmental Impact Management, p.: 108, Paperless Banking, p. 92	-	-	-
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	Key Performance Indicators, p.: 106	-	-	-
	303-5 Water consumption	Key Performance Indicators, p.: 106	-	-	-
GRI 305: Emissions 2016	305-1 Scope 1 Emissions	Key Performance Indicators, p.: 106	-	-	-
	305-2 Scope 2 Emissions	Key Performance Indicators, p.: 106	-	-	-
	305-3 Scope 3 Emissions	Key Performance Indicators, p.: 106	-	-	-
	305-4 Emissions intensity	Key Performance Indicators, p.: 107	-	-	-
	305-5 Reduction of GHG emissions	Environmental Impact Management, p.: 108	-	-	-
GRI 306: Effluents and Waste 2020	306-2 Management of significant waste-related impacts	Environmental Impact Management, p.: 108	-	-	-
	306-3 Waste generation	Key Performance Indicators, p.: 106-107	-	-	-
	306-4 Disposed Waste	Key Performance Indicators, p.: 106-107	-	-	-
Contribution to Social Welfare					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Contribution to Social Welfare, pp.: 188-189	-	-	-
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments	Financial Performance and Profitability, pp.: 57-58	-	-	-
	203-2 Significant indirect economic impacts	Financial Performance and Profitability, pp.: 57-58	-	-	-
GRI 413: Local Communities 2016	413-1 Operations with impact assessments	Environmental and Social Risk Management in Loans, pp.: 82-83	-	-	-
Combating Climate Change					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Climate Action, pp.: 76-79	-	-	-
Financial inclusion					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; Financial Inclusion, pp.: 72-75	-	-	-
The future of business and new working models					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Priorities, p. 39; The Future of Business and New Working Models pp.: 119-120	-	-	-

Company Information

Corporate Title: Türkiye İş Bankası Anonim Şirketi

Trade Registry Number: 431112

Address: İş Kuleleri 34330 Levent/İstanbul

Website: www.isbank.com.tr

Contact Information of Branches: Please visit www.isbank.com.tr

Company Announcements and Financial Data:

İşbank's financial statements, independent auditor's reports, annual reports, press releases and disclosures of material events are available on the Bank's corporate website under the title of Investor Relations, in both Turkish and English.

Contact Information

Telephone: +90 (212) 316 00 00

Fax: +90 (212) 316 04 04

Call Center: (0850) 724 0 724

E-posta: musteri.iliskileri@isbank.com.tr

Social Media Accounts



