HACI ÖMER SABANCI HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Hacı Ömer Sabancı Holding A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Hacı Ömer Sabancı Holding A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated balance sheet as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

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3. Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 independent 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.

Key Audit Matters	**How the key audit matter was addressed in the audit**
Impairment of receivables from finance sector operations in accordance with TFRS 9 (Note 33)	
The Group has total provision for impairment of TRY 22 billion with respect to receivables from finance sector operations of TRY 629 billion which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2022. TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of receivables from finance sector operations of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred. The uncertainties arising from these impacts have been evaluated by the management in their judgements and estimations.	Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Group with respect to classification of loans and lease receivables and estimation of impairment in line with the TFRS 9. We have tested the design and operating effectiveness of controls implemented by the Group in line with its governance, policies and procedures. Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Group's policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists on a sample basis. We have independently assessed together with our related specialists methodologies used in the models in respect to segmentation, use of macroeconomic expectations, life time expected credit losses, losses given default.

Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as developing macro-economic scenarios and their weightings, historical loss experiences; the significance of the loan balances; the appropriateness of classification of loans and lease receivables as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated impairment allowances. Timely and correctly identification of state default and the level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as a key audit matter.	We have carried loan review on a selected sample of receivables from finance sector operations with the objective to identify whether the classification of loans is performed appropriately in accordance with the applicable regulation, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework. In addition, for non-performing receivables from finance sector operations and other significant loans that are subject to individual assessment based on the Group policies, we have evaluated the appropriateness of specific impairment provision with supportable input. Based on our discussions with the Group management, we have evaluated and challenged whether the key assumptions and other judgements, underlying the estimation of impairment were reasonable. We have reviewed the appropriateness and sufficiency of disclosures made in the financial statements of the Group with respect to receivables from finance sector operations and related impairment provision.

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Key Audit Matters	**How the key audit matter was addressed in the audit**
Valuation of Pension Fund Obligations (Note 2.3.20)	
The Group has accounted for provision amounting to TRY 935 million for Pension Fund Liabilities in the accompanying consolidated financial statements as at 31 December 2022. The Group's Personnel Pension Fund Foundation ("Pension Fund") is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President of the Republic of Turkey is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Group's management uses external actuarial consulting firm for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; uncertainty of the transfer date, the importance of the actuarial and economic assumptions such as technical interest rate determined by the law, salary increases, demographic assumptions used in the valuation of pension obligations with respect to social benefits and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.	Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Group management to the external consulting firm for the purpose of evaluation pension obligation. In addition, we have verified the existence and values of the Pension Fund assets. Through use of actuarial specialists, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability. In addition to the above procedures, we evaluated the adequacy of the disclosures made with respect to Pension Fund in the accompanying consolidated financial statements.

4. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

5. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is 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 independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 independent 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

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

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

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.

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

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

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 1 March 2023.

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel, SMMM
Partner

Istanbul, 1 March 2023

CONTENTS		PAGE

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

ASSETS	Note References	Audited Current Period 31 December 2022	Audited Prior Period 31 December 2021
Current Assets		**720.809.364**	**465.289.463**
Cash and Cash Equivalents	5	64.878.197	69.417.883
Balances with the Central Bank of the Republic Turkey		114.589.752	81.792.492
Financial Assets		65.154.120	40.134.206
- Fair Value Through Profit or Loss	6.a	13.779.757	11.288.001
- Fair Value Through Other Comprehensive Income	6.b	28.987.545	15.853.577
- Measured at Amortized Cost	6.c	20.654.473	12.629.008
- Time Deposit	6.d	1.732.345	363.620
Trade Receivables	9	6.606.610	4.254.881
- Trade receivables from related parties		314.353	203.792
- Trade receivables from non-related parties		6.292.257	4.051.089
Receivables from Finance Sector Operations	33	410.059.537	225.676.033
Other Receivables	10	7.702.134	3.753.288
Derivative Financial Instruments	32	10.160.764	23.646.983
Inventories	11	13.450.139	7.520.997
Prepaid Expenses	12	15.932.110	2.353.369
Deferred Commission Expenses		1.019.808	474.946
Assets Related to Current Tax		600.741	136.708
Other Current Assets	22	10.064.237	5.433.104
		720.218.149	**464.594.890**
Non-current Assets Held for Sale	24	591.215	694.573
Non-Current Assets		**525.120.563**	**354.474.326**
Financial Investments		232.511.740	131.979.497
- Fair Value through Other Comprehensive Income	6.b	147.083.960	87.077.994
- Measured at Amortized Cost	6.c	85.427.780	44.901.503
Trade Receivables	9	1.418	6.086
- Trade Receivables from Non-related Parties		1.418	6.086
Receivables from Finance Sector Operations	33	196.986.616	160.936.678
Other Receivables	10	1.593.482	503.230
Derivative Financial Instruments	32	38.719.765	27.349.132
Investments Accounted Through Equity Method	13	17.611.848	8.763.569
Investment Property	14	489.142	383.871
Property, Plant and Equipment	15	15.995.345	10.569.872
Right of Use Assets	17	3.132.198	1.980.324
Intangible Assets		14.946.401	10.480.408
- Goodwill	18	4.460.528	2.522.764
- Other Intangible Assets	16	10.485.873	7.957.644
Prepaid Expenses	12	463.916	46.052
Deferred Commission Expenses		972.698	642.071
Deferred Tax Assets	31	1.456.257	660.696
Other Non-Current Assets	22	239.737	172.840
Total Assets		**1.245.929.927**	**819.763.789**

These consolidated financial statements have been approved for issue by the Board of Directors on 01 March 2023 and signed on its behalf by Cenk Alper, Member of Board of Directors and CEO and Nusret Orhun Köstem, CFO, General Assembly has the right to change these consolidated financial statements.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

L1ABILITIES	**Note References**	**Audited Current Period 31 December 2022**	**Audited Prior Period 31 December 2021**
Current Liabilities		**902.103.780**	**606.207.659**
Short Term Borrowings	7	25.356.285	26.193.026
Short Term Portion of Long-Term Borrowings	7	37.578.916	27.179.115
Liabilities from Leasing Transactions	8	630.347	382.607
Trade Payables	9	15.486.832	8.739.683
- Trade payables to related parties		515.832	109.484
- Trade payables to non-related parties		14.971.000	8.630.199
Payables of Finance Sector Operations	37	749.663.848	495.202.504
Payables related to Employee Benefits	21	261.785	133.906
Other Payables	10	35.041.548	16.992.367
Derivative Financial Instruments	32	5.798.902	14.714.467
Deferred Income	12	511.771	248.442
Current Tax Liabilities	31	10.263.913	1.756.390
Short Term Provisions		17.303.456	11.151.910
- Short Term Provisions for Employee	21	1.778.295	768.587
- Insurance Technical Provisions	19	14.539.144	9.328.281
- Other Short-Term Provisions	19	986.017	1.055.042
Other Short-Term Liabilities	22	4.192.286	3.513.242
		902.089.889	**606.207.659**
Liabilities Related to Asset Group Held for Sale	24	13.891	-
Non-current Liabilities		**143.593.588**	**109.951.948**
Long Term Borrowings	7	73.982.765	64.396.093
Liabilities from Leasing Transactions	8	2.897.906	1.844.517
Payables of Finance Sector Operations	37	24.639.838	17.327.199
Other Payables	10	16.075.205	7.145.569
Derivative Financial Instruments	32	9.308.148	11.219.270
Government Incentives		28.737	-
Deferred Income	12	505.021	221.404
Long Term Provisions		13.012.271	6.380.764
- Long Term Provisions for Employee Benefits	21	2.973.784	1.051.410
- Insurance Technical Provisions	19	8.373.738	4.766.880
- Other Long-Term Provisions	19	1.664.749	562.474
Taxes and Funds Payable		10.829	10.233
Deferred Tax Liabilities	31	2.590.383	1.382.161
Other Long-Term Liabilities	22	542.485	24.738
EQUITY		**200.232.559**	**103.604.182**
Equity Attributable to The Parent	**23**	**100.832.151**	**51.416.916**
Share Capital	23	2.040.404	2.040.404
Adjustments to Share Capital		3.426.761	3.426.761
Share Premium	23	22.237	22.237
Treasury shares (-)	23	(944.255)	(298.646)
Other Equity Reserves		30.912	-
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss		(1.220.212)	(238.606)
- Actuarial Gain/Loss		(1.220.212)	(238.606)
Other Comprehensive Income or Expenses Will Be Reclassified to Profit or Loss		11.174.690	3.521.468
- Currency Translation Reserve	23	10.995.205	6.690.649
- Gains/Losses on Hedge	23	(2.992.643)	(2.450.148)
- Revaluation Reserve	23	3.172.128	(719.033)
Restricted Reserves	23	2.822.896	1.532.498
Retained Earnings		39.650.339	29.378.702
Net Income for the Period		43.828.379	12.032.098
Non-controlling Interests		**99.400.408**	**52.187.266**
TOTAL EQUITY AND LIABILITIES		**1.245.929.927**	**819.763.789**

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Note References	Audited Current Period 1 January - 31 December 2022	Audited Prior Period 1 January - 31 December 2021
CONTINUING OPERATIONS			
Sales (net)	4,25	68.172.356	30.570.352
Cost of Sales (-)	4,25	(54.719.680)	(24.024.838)
Gross Profit from Non-Financial Operations		**13.452.676**	**6.545.514**
Interest, Premium, Commission and Other Income	4,25	166.306.807	57.622.046
Interest, Premium, Commission and Other Expense (-)	4,25	(66.700.165)	(27.944.179)
Gross Profit from Financial Operations		**99.606.642**	**29.677.867**
GROSS PROFIT		**113.059.318**	**36.223.381**
General and Administrative Expenses (-)	26	(25.213.555)	(11.745.337)
Marketing Expenses (-)	26	(5.915.805)	(3.005.986)
Research and Development Expenses (-)	26	(109.311)	(46.937)
Other Income from Operating Activities	28	8.345.623	4.007.197
Other Expense from Operating Activities (-)	28	(3.092.784)	(2.864.189)
Share of Profit of Investments Accounted for Using the Equity Method	13	11.679.714	2.786.514
OPERATING PROFIT		**98.753.200**	**25.354.643**
Income from Investing Activities	29	5.795.764	1.847.361
Expense from Investing Activities (-)	29	(23.747)	(9.283)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		**104.525.217**	**27.192.721**
Financial Income	30	726.463	124.809
Financial Expenses (-)	30	(2.500.187)	(1.463.942)
INCOME BEFORE TAX FROM CONTINU1NG OPERATIONS		**102.751.493**	**25.853.588**
Tax Expense from Continuing Operations			
Current Tax Expense	31	(22.268.876)	(4.186.070)
Deferred Tax Income/(Expense)	31	1.906.874	(1.088.408)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**82.389.491**	**20.579.110**
DISCONTINUED OPERATIONS			
Income After Tax From Discontinued Operations Discontinued Operations	24	(2.416)	(7.942)
PROFIT FOR THE PERIOD		**82.387.075**	**20.571.168**
ALLOCATION OF PROFIT			
- Non-controlling Interests		38.558.696	8.539.070
- Owner of the Company		43.828.379	12.032.098
Earnings per share - hundreds of ordinary shares (TRY)		21,48	5,90
Earnings per share from continuing operations - hundreds of ordinary shares (TRY)		21,48	5,90

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Note References	Audited Current Period 1 January - 31 December 2022	Audited Prior Period 1 January - 31 December 2021
INCOME FOR THE YEAR		**82.387.075**	**20.571.168**
Other Comprehensive Income/(Loss):			
Items That Will Not Be Reclassified To Profit or Loss		**(1.982.767)**	**(178.888)**
Actuarial (losses)/gains	31	(1.802.717)	(163.450)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	31	(180.050)	(15.438)
Items That Will Be Reclassified To Profit or Loss			
Profit or Loss		**17.000.703**	**4.463.431**
Fair value gains/(losses) from financial assets through other comprehensive income, after tax	31	9.911.036	(2.305.662)
Currency translation differences	31	8.181.130	8.234.664
Cash flow hedges after tax	31	1.866.585	2.354.470
Income/(loss) from the derivative financial assets related to net investment hedge in a foreign operation, after tax	31	(2.861.609)	(3.727.101)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	31	(96.440)	(92.940)
OTHER COMPREHENSIVE INCOME/(LOSS) (AFTER TAX)		**15.017.935**	**4.284.543**
TOTAL COMPREHENSIVE INCOME		**97.405.010**	**24.855.711**
ALLOCATION OF TOTAL COMPREHENSIVE INCOME			
- Non-controlling Interests		46.905.015	10.555.109
- Equity Holders of the Parent		50.499.995	14.300.602

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

						Accumulated Other Comprehensive Income or Loss That Will									
						Not be reclassified	Be reclassified								
						Profit or Loss									
	Share capital	Adjustment to share capital	Treasury shares	Share premium	Other equity shares	Acturial gains / losses	Currency translation reserve	Hedge reserve	Revaluation funds	Restricted reserve	Retained earnings	Net income for the year	Equity attributable to the parent	Non-controlling interest	Total
Balance at 1 January 2021	**2.040.404**	**3.426.761**	**(190.470)**	**22.237**	**-**	**(150.921)**	**2.684.551**	**(1.755.742)**	**207.135**	**1.223.543**	**25.721.428**	**4.767.573**	**37.996.499**	**38.786.395**	**76.782.894**
Transfers	-	-	-	-	-	-	-	-		201.768	4.565.805	(4.767.573)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(733.591)	-	(733.591)	(454.876)	(1.188.467)
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	139.339	139.339
Subsidiary acquisition	-	-	-	-	-	-	-	-	-	(989)	(1.849)	-	(2.838)	3.178.518	3.175.680
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	-	29.335	-	-	-	(64.915)	-	(35.580)	(17.219)	(52.799)
Increase / (decrease) due to share buy back transactions	-	-	(108.176)	-	-	-	-	-	-	108.176	(108.176)	-	(108.176)	-	(108.176)
Total comprehensive income	-	-	-	-	-	(87.685)	3.976.763	(694.406)	(926.168)	-	-	12.032.098	14.300.602	10.555.109	24.855.711
Balances at 31 December 2021	**2.040.404**	**3.426.761**	**(298.646)**	**22.237**	**-**	**(238.606)**	**6.690.649**	**(2.450.148)**	**(719.033)**	**1.532.498**	**29.378.702**	**12.032.098**	**51.416.916**	**52.187.266**	**103.604.182**
Balance at 1 January 2022	**2.040.404**	**3.426.761**	**(298.646)**	**22.237**	**-**	**(238.606)**	**6.690.649**	**(2.450.148)**	**(719.033)**	**1.532.498**	**29.378.702**	**12.032.098**	**51.416.916**	**52.187.266**	**103.604.182**
Transfers	-	-	-	-	-	-	-	-	-	454.318	11.577.780	(12.032.098)	-	-	-
Dividends paid (*)	-	-	-	-	-	-	-	-	-	-	(1.558.437)	-	(1.558.437)	(969.815)	(2.528.252)
Capital increase (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	640.000	640.000
Increase / (decrease) due to share-based transactions	-	-	-	-	30.912	-	-	-	-	-	-	-	30.912	29.546	60.458
Subsidiary disposals (***)	-	-	-	-	-	-	25.245	-	-	-	-	2.643.361	2.668.606	-	2.668.606
Other changes	-	-	-	-	-	-	-	-	-	-	88.466	-	88.466	-	88.466
Subsidiary acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	239.894	239.894
Increase / (decrease) due to share buy back transactions (****)	-	-	(645.609)	-	-	-	-	-	-	836.080	163.828	-	354.299	368.502	722.801
Total comprehensive income	-	-	-	-	-	(981.606)	4.279.311	(542.495)	3.891.161	-	-	41.185.018	47.831.389	46.905.015	94.736.404
Balances at 31 December 2022	**2.040.404**	**3.426.761**	**(944.255)**	**22.237**	**30.912**	**(1.220.212)**	**10.995.205**	**(2.992.643)**	**3.172.128**	**2.822.896**	**39.650.339**	**43.828.379**	**100.832.151**	**99.400.408**	**200.232.559**

(*) Dividends paid by the Holding per share with a TRY1 nominal value is TRY0,75 (2021: TRY0,35).

(**) Based on the Board of Directors' decision dated August 4, Aksigorta A.Ş.'s current capital of TRY612.000 was increased by TRY360.000 by each of the main shareholders, and TRY280.000 by publicly traded shares, with a total nominal value of TRY1.000.000 to reach TRY1.612.000.

(***) Sabancı Holding's entire shares in Philsa Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Ticaret A.Ş. and Philip Morris SA Philip Morris Sabancı Pazarlama ve Satış A.Ş. have been sold to Philip Morris Products S.A. (PM) as of 5 January 2022.

(****) Considering the matching orders within the period regarding the share buy-back transactions shows the net effect buying/selling as of December 31, 2022.

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

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Note references	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
Net income from continuning operations		82.389.491	20.579.110
Net income from discontinued operations		(2.416)	(7.942)
Adjustments to reconcile income before taxation to net cash provided by operation activities:			
Tax expense/income		20.362.002	5.274.478
Depreciation and amortization expenses	4	3.474.831	2.124.470
Provision for loan losses		20.063.870	5.555.027
Changes in the fair value of derivative instruments		(1.544.289)	(1.377.897)
Interest income/expense and foreign currency gains		(53.568.678)	(7.359.526)
Provision for employment termination benefits		451.056	207.004
Impairment charge on property, plant and equipment,intangible assets and investment property		(3.352)	1.345
Impairment an assets held for sale		125	1.517
Income from sale of property, plant and equipment,intangible assets and investment property		(1.886.264)	(293.921)
Income from associates and joint ventures		(11.679.714)	(2.786.514)
Provision for /(reversal of) inventory impairment		(41.208)	34.011
Provision for /(reversal of) doubtful receivables		(38.892)	4.212
Unrealized foreign currency translation differences		(6.566.279)	(6.095.482)
Adjustments for losses (gains) on disposal of subsidiaries		(2.766.445)	-
Adjustments for share-based payments		60.458	-
Other adjustments related to reconcilation of profit/(loss)		-	(1.359.258)
Net cash provided by operation activities before changes in operating assets and liabilities		**48.704.296**	**14.500.634**
Changes in trade receivables		(2.019.551)	(2.424.063)
Changes in inventories		(5.714.528)	(3.739.421)
Changes in other receivables		(5.356.000)	4.110.056
Changes in prepaid expenses		(13.996.605)	(439.246)
Changes in derivative financial instruments		(8.711.101)	(17.047.350)
Changes in other assets		(4.738.272)	(6.044.923)
Changes in trade payables		6.600.791	3.457.571
Changes in other liabilities and other payables		40.738.245	26.682.148
Net cash provided in operating activities of assets classified as held for sale		115.939	(258.043)
Changes in assets and liabilities in finance segment:			
Changes in financial investments		3.572.650	(10.748.503)
Changes in receivables from finance sector operations		(236.831.285)	(117.612.356)
Changes in payables from finance sector operations		266.687.747	190.620.687
Changes in Central Bank of the Republic of Turkey account		(32.797.260)	(39.188.122)
Income taxes paid		(14.225.386)	(3.731.445)
Employment termination benefits paid		(128.159)	(60.114)
Net cash provided from operating activities		**41.901.521**	**38.077.510**
Cash flow from investing activities			
Sale / (Proceed) of fair value through other comprehensive income or amortized cost at financial asset		(64.451.830)	(56.891.095)
Capital expenditures		(7.520.336)	(2.520.221)
Proceeds from sales of property, plant, equipment and intangible assets		2.592.874	703.398
Cash inflows (outflows) related to purchase from the sale of investment property		-	(5.550)
Proceeds from related to purchases to gain control of subsidiaries		(1.700.285)	3.499.068
Acquisition of subsidiaries, associates and joint ventures		-	(202.799)
Cash inflows caused by share sales or capital decrease of associates and/or joint ventures		3.069.577	-
Dividends received		2.554.945	1.322.325
Other cash inflows/outflows		163.570	(1.350.705)
Net cash provided from / (used in) investing activities		**(65.291.485)**	**(55.445.579)**
Cash flow from financing activities			
Cash inflows from borrowings		30.656.990	48.841.128
Cash outflows from repayments of borrowings		(16.305.228)	(6.401.341)
Cash outflows from payments of lease liabilities		(1.059.073)	(838.749)
Cash inflow/(outflow) from repurchased shares		722.801	(108.176)
Interest received		20.144	5.810
Dividends paid		(2.528.252)	(1.188.467)
Cash inflows from issuance of shares and other equity instruments		640.000	139.339
Net cash provided from / (used in) financing activities		**12.147.382**	**40.449.544**
Effect of change in foreign currency rates on cash and cash equivalents		13.530.164	13.209.138
Net increase / (decrease) in cash and cash equivalents		2.287.582	36.290.613
Cash and cash equivalents in the beginning of the period (*)		51.775.624	15.485.011
Cash and cash equivalents at the end of the period		**54.063.206**	**51.775.624**

(*) Cash and cash equivalents include interest rediscount of TRY9.928 (31 December 2021: TRY1.491) in the current period. The blocked deposit was by TRY17.642.259 at the beginning of the current period, and it was TRY10.805.063 at the end of the period (31 December 2021: respectively TRY4.342.775 and TRY17.642.259).

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

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Hacı Ömer Sabancı Holding A.Ş. (the "Holding") was established in 1967 to coordinate and perform liaison services regarding the activities of companies operating in various fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey. The number of employees in 2022 is 67.375 (31 December 2021: 65.054). Holding's registered address is as follows:

Sabancı Center, 4. Levent, İstanbul, Türkiye.

The Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa Istanbul ("BIST") (previously known as the Istanbul Stock Exchange ("ISE") since 1997. As of 31 December 2022 the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 23):

	(%)
Sakıp Sabancı Holding A.Ş.	14,07
Serra Sabancı	7,22
Suzan Sabancı Dinçer	6,94
Çiğdem Sabancı Bilen	6,94
Other	64,83
	100,00

The Holding, its subsidiaries, associates and joint ventures are together referred as the "Group". The Holding is managed by Sabancı Family.

Subsidiaries

The nature of the business of the Subsidiaries in these consolidated financial statements and their respective business segments are as follows as of 31 December 2022;

Subsidiaries	Traded Stock Market	Type of Activity	Business Segment	Number of Employess	Country of Registration
Agesa Hayat ve Emeklilik A.Ş. ("Agesa")	BİST	Pension and Insurance	Financial Services	1.712	Turkey
Akbank T.A.Ş. ("Akbank")	BİST	Banking	Banking	18.891	Turkey
Aksigorta A.Ş. ("Aksigorta")	BİST	Insurance	Financial Services	708	Turkey
Ankara Enternasyonel Otelcilik A.Ş. ("AEO")	-	Tourism	Other	2	Turkey
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	BİST	Trade	Retailing	13.761	Turkey
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement	Building Materials	2.182	Turkey
Dx Technology Services and Investment BV ("Dx BV")		Information Technologies	Other	191	Netherland
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Trade	Other	59	Turkey
Sabancı Building Solutions ("SBS")	-	Cement	Building Materials	199	Holland
Sabancı Dijital Teknoloji Hizmetleri A.Ş. ("SabancıDX)	-	Information Technologies	Other	274	Turkey
Sabancı İklim Teknolojileri A.Ş. (" Sabancı İklim Teknolojileri")		Energy	Energy	-	Turkey
Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa")	BİST	Tire Reinforcement	Industry	5.008	Turkey
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retailing	2.642	Turkey
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa	-	Tourism	Other	2	Turkey

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

Subsidiaries (Continued)

Additionally, A.R.T.S. Ltd. is not a subsidiary of Bank; however, Bank has 100% control power on it. A.R.T.S. Ltd. established as ‘‘Structured Enterprise’’ in November 1999 in order to provide long-term financing from abroad has been included in the consolidation by full consolidation method.

Holding’s stand-alone financial statements have been included within the “Other” business segment for the purposes of segment information in Note 4.

Joint Ventures

The nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements as of December 31, 2022 are as follows:

Joint Ventures	Traded Stock Market	Type of Activity	Business Segment	Ventures	Nımber of Employees
Akçansa Çimento Sanayi ve Ticaret A.Ş. (“Akçansa”)	BİST	Cement	Building Materials	Heidelberg	2.200
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (“Brisa”)	BİST	Tire	Industry	Bridgestone	3.364
Enerjisa Enerji A.Ş. (“Enerjisa Enerji”)	BİST	Energy	Energy	E.ON SE	12.693
Enerjisa Üretim Santralleri A.Ş. (“Enerjisa Üretim”)	-	Energy	Energy	E.ON SE	1.612
Temsa Skoda Sabancı Ulaşım Araçları A.Ş. (“Temsa Ulaşım Araçları”)	-	Automotive	Other	PPF Industry CO. B.V.	1.530

All joint ventures are registered in Turkey.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of Compliance with TFRS

Sabancı Holding, its Subsidiaries and Joint Ventures registered in Turkey maintain their books of accounts and prepare their statutory financial statements ("Statutory Financial Statements") in TRY in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance, applicable Turkish insurance laws for insurance companies and banking law, accounting principles and instructions promulgated by the Banking Regulation and Supervising Agency for banks and accounting principles issued by the CMB for listed companies. The foreign Subsidiaries and Joint Ventures maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards ("TFRS").

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards and interpretations ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

Additionally, the consolidated financial statements and disclosures are presented in accordance with the formats published by CMB on 7 June 2013 and the announcement published by Public Oversight Accounting and Auditing Standards Authority ("POA") on 15 April 2019. The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

POA made an announcement on 20 January 2022 in order to eliminate the hesitations regarding the application of TAS 29 Financial Reporting in Hyperinflationary Economies (IAS 29 Financial Reporting in Hyperinflationary Economies) in 2022 financial reporting period for the entities applying Turkish Financial Reporting Standards ("TFRS"). Accordingly, it has been stated that the entities applying TFRS should not adjust financial statements for TAS 29 Financial Reporting in Hyperinflationary Economies, and no new explanation has been made by the POA regarding the application of TAS 29. Considering that no new explanation has been made as of the date of these consolidated financial statements were prepared, no inflation adjustment was made in accordance with TAS 29 while preparing the consolidated financial statements as of 31 December 2022.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.1 Statement of Compliance with TFRS (Continued)

Functional and Presentation Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

2.1.2 New and Revised Turkish Accounting Standards

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs

i) The new standards, amendments and interpretations which are effective as of January 1, 2022, are as follows:

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively.

These amendments did not have any significant impact on the financial position or performance of the Group.

Amendments to TAS 16 – Proceeds before intended use

In July 2020, POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

These amendments did not have any significant impact on the financial position or performance of the Group.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.2 *New and Revised Turkish Accounting Standards (Continued)*

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments did not have any significant impact on the financial position or performance of the Group.

Annual Improvements – 2018–2020 Cycle

In July 2020, POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary tto measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

These amendments did not have any significant impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted:

Standards, interpretations, and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.2 *New and Revised Turkish Accounting Standards (Continued)*

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognized over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In January 2021 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

No significant impact is expected on the Group's financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.2 New and Revised Turkish Accounting Standards (Continued)

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.2 New and Revised Turkish Accounting Standards (Continued)

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.3 *Basis of Consolidation*

a) The consolidated financial statements include the accounts of the parent company, Hacı Ömer Sabancı Holding A.Ş., its Subsidiaries and Joint Ventures (collectively referred to as the "Group") on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements, and are prepared in accordance with Turkish Financial Reporting Standards as explained in Note 2.1.1. The result of operations of Subsidiaries, Joint Ventures and Associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.

b) Subsidiaries are companies in which the Holding has the power to control the financial and operating policies for the benefit of the Holding either through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or certain Sabancı family members and companies whereby the Holding exercises control over the voting rights of the shares held by them.

c) Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

d) When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The companies which Holding has less that 50% shares are considered as subsidiaries since Holding exercises a dominant influence and power to govern the financial and operating policies through exercise of voting power related to shares held by Holding together with voting power which Holding effectively exercises related to shares held by Sabancı family members. Sabancı family members allow Holding to exercise voting power in respect of shares held in these companies. In the accompanying consolidated financial statements the shares held by Sabancı family members are presented as non-controlling interest.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.3 *Basis of Consolidation (Continued)*

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 December 2022 and 2021:

	31 December 2022		31 December 2021	
	Direct and indirect ownership interest by the Holding and its Subsidiaries	**Proportion of ownership interest**	**Direct and indirect ownership interest by the Holding and its Subsidiaries**	**Proportion of ownership interest**
Subsidiaries	**(%)**	**(%)**	**(%)**	**(%)**
AEO	76,85	76,85	76,85	76,85
Agesa	40,00	40,00	40,00	40,00
Akbank	40,75	40,75	40,75	40,75
Aksigorta	36,00	36,00	36,00	36,00
Carrefoursa	57,12	57,12	57,12	57,12
SBS	100,00	83,24	100,00	83,24
Çimsa	63,52	58,10	63,52	58,10
Dx BV	100,00	100,00	-	-
Exsa	61,68	47,90	61,68	47,90
Kordsa	71,11	71,11	71,11	71,11
Teknosa	50,00	50,00	50,00	50,00
Tursa	100,00	100,00	100,00	100,00
SabancıDX	100,00	100,00	100,00	100,00
Sabancı İklim Teknolojileri(*)	100,00	100,00	-	-

(*) On June 8, 2022, Sabancı İklim Teknolojileri was established with a capital of TRY250.000, of which the Holding is the sole and founding partner.

The balance sheets and statements of profit or loss of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the shares held by the Holding and its Subsidiaries is deducted from the related shareholders' equity. Intercompany transactions and balances between the Holding and its Subsidiaries are eliminated in consolidation. The cost of financing the shares in Subsidiaries held by the Holding and its Subsidiaries and the dividends pertaining to these shares are deducted from equity and income for the period, respectively.

The Subsidiaries are included into or excluded from the scope of consolidation subsequent to the date of transmission of the control to the Group. The shares of non-controlling shareholders in the net assets and operating results of Subsidiaries are presented in the consolidated balance sheet and profit or loss table as non-controlling interests. Sabancı Family, "Sabancı Foundation" and a retirement fund for Akbank employees called "Akbank Retirement Fund" established both by Sabancı Family, have a share in the capitals of some subsidiaries and affiliates which are accounted in the consolidated financial statements. This share is considered as non-controlling share in the consolidated financial statements and it is not included in the current period profit.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.3 *Basis of Consolidation (Continued)*

e) Joint venture - If Holding and its subsidiaries have rights on net assets relating to operations subject to a joint arrangement, such net assets are accounted through equity method in the consolidated financial statements.

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 31 December 2022 and 31 December 2021:

	31 Dcember 2022		31 December 2021	
Joint Ventures	**Direct and indirect ownership interest by the Holding and its Subsidiaries (%)**	**Proportion of ownership interest (%)**	**Direct and indirect ownership interest by the Holding and its Subsidiaries (%)**	**Proportion of ownership interest (%)**
Akçansa	39,72	39,72	39,72	39,72
Brisa	43,63	43,63	43,63	43,63
Enerjisa Enerji	40,00	40,00	40,00	40,00
Enerjisa Üretim	50,00	50,00	50,00	50,00
Temsa Ulaşım Araçları	50,00	23,95	50,00	23,95

Investments in Joint Ventures were consolidated by equity method. Sabancı family members do not have any interest in the share capital of the Joint Ventures.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.4 *Comparatives and Restatement of Prior Year Financial Statements*

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. Comparative information is reclassified when deemed necessary in order to comply with the presentation of the current period consolidated financial statements.

2.2 Changes in Accounting Policies and Estimates and Errors

Changes made in the accounting policies and corrections regarding accounting errors are applied retrospectively and prior year financial statements are restated.

If changes in accounting estimates and errors are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. In the current year, there are not any material errors and changes in accounting estimate methods of the Group.

If any significant accounting errors are found out, changes are applied retrospectively and prior year's financial statements are restated. There has been no significant accounting error that the Group determined in the current year.

The preparation of consolidated financial statements in conformity with Turkish Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. Estimates are regularly reviewed, related corrections are adjusted and accounted for related period income statement. Changes in accounting estimates, if only for a period in which the change in the current period, if it relates to future periods, both in the period they are recognized in future periods, prospectively applied to the financials to see the effect on net profit/loss for the period.

2.3 Summary of Significant Accounting Policies

2.3.1 *Leases*

The Group - as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

a) The contract involved the use of an identified asset - this may be specified explicitly or implicitly.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.1 ***Leases (Continued)***

b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:

   i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
   ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

The Group books a right of use and a lease obligation to the financial statements at the date that the lease is commenced.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

a) Amount of the initial measurement of the lease liability,
b) Any lease payments made at or before the commencement date, less any lease incentives received;
c) Any initial direct costs incurred by the Group; and
d) The costs assumed by the Group related to the restoration of the underlying asset to bring it in line with the terms and conditions of the lease (except those assumed for manufacturing inventory).

To apply a cost model, the Group measure the right-of-use asset at cost:

a) Less any accumulated depreciation and any accumulated impairment losses; and
b) Adjusted for any remeasurement of the lease liability.

The Group applies TAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment.

The Group apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date.
The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.1 *Lease Liability (Continued)*

a) Fixed payments, less any lease incentives receivable,
b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
c) The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and,
d) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, the Group measure the lease liability by:

a) Increasing the carrying amount to reflect interest on the lease liability,
b) Reducing the carrying amount to reflect the lease payments made; and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

Variable lease payments

Group's lease contracts also include variable lease payments which are based on income. These variable lease payments, which are not within the scope of TFRS 16 standard, are recorded as rental expense in the income statement in the relevant period.

Facilitative practices

Lease agreements with lease periods of 12 or fewer months, and agreements related to information technology equipment identified as impaired by the Group (mostly printers, laptops, mobile phones and the like), are considered within the scope of the exemption in the TFRS 16 lease standard, and payments related to these agreements continue to be recognised as expenses in the period in which they occur.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.1 ***Lease Liability (Continued)***

The Group - as a lessor

The Group's subsidiary Ak Finansal Kiralama A.Ş. It carries out financial leasing transactions in the capacity of being the "Lessor". The asset subject to finance lease is shown in the balance sheet as a receivable equal to the net lease amount. Interest income is determined to create a fixed periodic rate of return by using the net investment method of the lessor on the leased asset, and the part that is not in the relevant period is followed in the unearned interest income account.

In the Group's operating leases, the leased assets are classified under investment properties, tangible fixed assets or other current assets in the consolidated balance sheet and the rental income obtained is reflected in the consolidated income statement in equal amounts during the lease period. Rental income is reflected to the consolidated income statement on a straight-line basis throughout the rental period.

2.3.2 ***Cash and cash equivalents***

Cash and cash equivalents include cash in hand, deposits and blocked deposits held in banks with maturities of 3 months or less, other short-term liquid investments. Group evaluates its cash and cash equivalents in accordance with expected credit loss model for impairment. (Note 5).

2.3.3 Sale and repurchase agreements

Securities sold under repurchase agreements ("Repo") are classified in the Group portfolio as "fair value differences that recorded as profit or loss", "fair value differences that recorded other comprehensive income" or "amortized cost" portfolios and valued according to relevant portfolio basis. Acquired Funds in return of repurchase agreements accounted under "Payables of Finance Sector Operations" and rediscoun expenses are calculated according to the "effective yield (internal rate of return) method" for the difference amout related to current period between the repurchase agreements and the determined sale and repurchase prices.

Securities purchased under agreements to resell ("reverse repo") are recorded as cash and cash equivalents in the balance sheet. For the current period portion of the difference between the purchase and resale prices determined by reverse repurchase agreements, the rediscónted interest income is calculated according to the " effective yield method".

2.3.4 ***Reserve deposits with the Central Bank of the Republic of Turkey***

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2005/1, the Group is required to maintain reserves in CBRT for TRY and foreign currency liabilities. The required reserve rates for TRY liabilities vary between 3% and 8% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2022 (2021: 3% and 8% for all TRY liabilities) The reserve rates for foreign currency liabilities vary between 5% and 31% (31 December 2021: 5% and 26%).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.5 *Trade Receivables*

Trade receivables resulting from the provision of products or services to the buyer are shown net of unaccrued finance income. Trade receivables after unaccrued financial income are calculated by discounting the amounts to be obtained in the following periods of the receivables recorded from the original invoice value using the effective interest method. Short-term receivables with no specified interest rate are shown at cost, unless the effect of the original effective interest rate is significant.

Impairment

Group has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

"Expected credit loss model" defined in TFRS 9, "Financial Instruments" superseded the "incurred credit loss model" in TAS 39 "Financial Instruments: Recognition and Measurement" which was effective prior to 1 January 2018. Expected credit losses are a probability weighted estimate of credit losses over the expected life of the financial instrument. The calculation of expected credit loss is performed based on the past experiences and future expectations of the Group.

2.3.6 *Receivables From Finance Sector Operations*

As of 1 January 2018, Group has adopted "three stage approach (general model)" defined in TFRS 9 for the recognition of impairment losses on receivables from finance sector operations, carried at amortised cost. General model considers the changes in the credit quality of the financial instruments after the initial recognition. Three stages defined in the general model are as follows:

"Stage 1", includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ("'ECL'") are recognised and interest income is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date and represents the credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

"Stage 2", includes financial instruments that have had a significant increase in credit risk since initial recognition but those do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised and interest income is calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

"Stage 3", includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognised.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.6 *Receivables From Finance Sector Operations (Continued)*

Group appropriately classifies its financial instruments considering common risk factors (such as the type of the instrument, credit risk rating, guarantees, time to maturity and sector) to determine whether the credit risk on a financial instrument has increased significantly and to account appropriate amount of credit losses in the consolidated financial statements.The changes in the expected credit losses on receivables from finance sector operations are accounted for under "other operating income/expenses" account of the consolidated statement of income.

2.3.7 Financial Assets

2.3.7.1 Financial Assets, Fair Value Difference is Reflected to Profit/Loss:

Financial assets at fair value through profit/loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

2.3.7.2 Financial Assets for Which the Fair Value Difference is Recognised Through Other Comprehensive Income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

"Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

Equity instruments classified as financial assets at fair value through other comprehensive income are accounted at their fair values. Exceptionally, cost can be an appropriate estimation method in determining fair value. This is only possible if there is insufficient recent information on the measurement of fair value or if fair value can be measured by more than one method and the cost reflects the fair value estimate in the best way. In the case of using this method, the accumulated fair value differences will not be reflected in the income statement.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.7.3 Financial Assets Measured by Amortised Cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs, which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

“Fair value through other comprehensive income” and “measured at amortized cost” securities portfolio of the Group include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. At the end of the year, the real inflation rate is used. The Group’s financial assets recognised at amortised cost include “cash or cash equivalents”, “trade receivables”, “debt securities” and “receivables from finance activities” items.

2.3.8 *Related parties*

Shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, are considered and referred to as related parties for the purpose of the consolidated financial statements

2.3.9 *Inventories*

Inventories are stated at the lower of cost and net realizable value. Cost of inventories includes all procurement costs, conversion costs and other costs that incurred for bringing the stock in current position and situation. The unit cost of inventories is determined on the moving weighted average basis (Note 11). Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.10 *Derivative financial instruments*

Derivative financial instruments, including forward foreign exchange contracts and currency and interest rate swap instruments are initially recognised in the balance sheet at cost (including transaction costs) and are subsequently re-measured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate.

The fair value of over-the-counter forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated in reference to the market interest rates of the related currency for the remaining period of the contract.

All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in the fair value of derivatives at fair value through profit or loss are included in the income statement.

Certain derivative transactions, while providing effective economic hedges under the risk management position, under the specific rules under TFRS 9 treated as derivatives at fair value through profit or loss and their fair value gains and losses are reported in the income statement.

Gains and losses on interest rate swaps used for hedging purposes are recognised as income or expense on the same basis as the corresponding expense or income on the hedged position. Gains and losses on interest rate swaps are included in the interest income and expense as appropriate.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of hedged asset or liability attributable to the hedged risk is recorded as part of the carrying value of the hedged asset or liability during the effective hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to the income statement over the period to maturity.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged cash flows are recognised in the income statement.

The Group also applies net investment risk hedge transactions in order to hedge currency risk related to investments abroad. For the said net investment hedge transaction, the active part of the fair value change of the hedging instrument is recognised in "Other Accumulated Comprehensive Income or Expenses to be Reclassified in Case of Profit or Loss" under equities.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.11 *Investment property*

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method less impairment charges, if any (Note 14). The cost of a self constructed investment property is its cost at the date when the construction or development is complete. Until that date, the Group applies TAS 16 "Property, Plant and Equipment". At that date, the property becomes investment property and thus is transferred to investment property. Assets held under operating leases are not disclosed as investment property. Fair values of investment properties are not materially different from costs. Depreciation periods are determined by useful lifes and between 20-49 years.

2.3.12 *Property, plant and equipment*

Property, plant and equipment are carried at cost less accumulated depreciation in the consolidated financial statements (Note 15). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land improvements	4-50
Buildings	10-50
Machinery and equipment	3-30
Motor vehicles	3-7
Furniture and fixtures	3-15
Other property, plant and equipment	5-10

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the related income and expense accounts, as appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets. Ordinary repair and maintenance expenses are charged to the income statements during the financial period in which they were incurred. Capital expenditures resulting in a capacity increase and increase in future economic benefits are included in the asset's carrying amount.

2.3.13 *Intangible assets*

Intangible assets consist of licences, computer software, development costs, purchased technology, mining rights, acquired rights of use, and other identifiable rights. Intangible assets are initially accounted at cost and amortised using the straight-line method over an estimated useful life that does not exceed 20 years (Note 16). The amortisation of mining rights commences when the extraction begins.

Customer relations and agreements acquired in business combination are recognised at fair value at the acquisition date. Customer relations and contracts are depreciated on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization and impairment losses (Note 16).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.14 *Non-current assets held for sale and discontinued operations*

Non-current assets held for sale (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset. The sale of assets held for sale is expected to be occur within the following 12 months from the balance sheet date. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount or fair value. If fair value is below the carrying value of asset, the related impairment is accounted for expense in the consolidated statement of profit or loss.

2.3.15 *Shareholders' equity*

In the correction of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders. In the correction of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered. In the correction of premium in excess of par, the payment dates are considered (Note 23).

Treasury shares under equity stands for the Holding shares owned by the subsidiaries. Those shares are accounted through reducing the share capital of the Holding by the amount of Holding shares owned by subsidiaries in the accompanying consolidated financial statements.

Revaluation fund included in the value increase funds is related to the value increase at the date of the transaction of the net assets owned by the Group before the sale transaction. Since the significant part of the amounts included in revaluation funds are related with the assets subject to amortisation, the revaluation funds are accounted for by transferring the related revaluation fund to the retained earnings during the amortisation period or the disposal period of the aforementioned assets.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in "Hedge Funds" under equity. The Group hedges the net investment risk on foreign investments with the foreign currency denominated financial liabilities. The effective part of the foreign exchange differences on the foreign currency denominated financial liabilities is accounted in the "Hedge Funds" account under shareholders' equity.

The standard capital adequacy percentage for Akbank, a subsidiary of the group, is 23,24% as of 31 December 2022 (31 December 2021: 21,14%), and the standard percentage capital adequacy now exceeds the minimum defined by the relevant legislation.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.16 *Research expenses and development costs*

Research costs are expensed as incurred. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility and only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

2.3.17 *Borrowing cost*

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement as financial expense over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognised directly in the income statement.

The financing costs of borrowings attributable to ongoing investments (interest expenses and foreign Exchange loses based on the difference between the TRY benchmark interest and interest regarding the foreign currency denominated loans) are capitalised until the completion of the investments.

2.3.18 *Deferred financing charges*

Deferred financing charges (primarily comprising legal and other costs incurred in relation to obtaining long-term bank borrowings from financial institutions) are amortised using the effective interest method over the remaining life of the long-term bank borrowings.

2.3.19 *Taxes calculated on corporate income*

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.

Income tax expense represents the sum of the tax currently payable and deferred tax.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.19 *Taxes calculated on corporate income (Continued)*

Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, in which case the tax is also recognized outside profit or loss.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.20 *Employee benefits*

<u>Retirement benefits</u>

Akbank's personnel are members of the "Akbank T.A.Ş. Personnel Pension Fund Foundation" ("Pension Fund"), established in accordance with the Social Security Law numbered 506, article No.20. The financial statements of the Pension Fund have been audited by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

Provisional Article 23 (1) of Banking Law No: 5411 (the "Banking Law") published in the Official Gazette repeated no: 25983 on 1 November 2005 requires the transfer of bank funds to the Social Security Institution (the "SSI") within 3 years after the effective date of the Banking Law and the related paragraph also sets out the basis for the related transfer. However, Article 23 (1) of Banking Law No: 5411 was annulled based on the Constitutional Court's ruling issued on 22 March 2007 and ruled for the stay of execution as of 31 March 2007. The related Court ruling, and its basis were published in the Official Gazette No: 26731 on 15 December 2007.

Following the promulgation of the justified decision of the Constitutional Court in December 2007, the Turkish Grand National Assembly (TBMM) started working on the new legal regulations regarding the transfer of bank fund contributors to SSI. The relevant articles of Social Security Law No. 5754 (New Law) regulating the basics of the transfer were accepted at the TBMM General Assembly on 17 April 2008 and entered into force via promulgation in Official Gazette No. 26870 dated 8 May 2008. The main opposition party applied to the Constitutional Court on 19 June 2008 requesting the cancellation and cessation of the effect of certain articles of the New Law, including the transfer of bank funds to SSI, and was turned down with a decision of the Constitutional Court meeting on 30 March 2011, and the justified decision was promulgated in Official Gazette No. 28156 dated 28 December 2011.

As of the transfer date defined by the New Law, the cash value of the liabilities relevant to the persons the transfer is made to shall be calculated using the 9,8% technical interest rate and by a commission including representatives of the SSI, Ministry of Finance, Treasury, State Planning Organization, BRSA, SDIF, banks and bank funds, and by considering the differences should the bank fund income and expenses of the insurance branches in the scope of the law and the salaries and incomes paid by the bank funds exceed the salaries and incomes defined by the SSI regulations, and the transfer should be complete by 8 May 2011. With the Council of Ministers decision promulgated in Official Gazette No. 27900 dated 9 April 2011, the above-mentioned transfer process was extended for two years. Accordingly, the transfer must be complete by 8 May 2013. In the scope of the deferral authority granted to the Council of Ministers with the amendment of the first paragraph of provisional Article 20 of Social Insurance and Universal Health Insurance Law No. 5510, promulgated in Official Gazette No. 28227 dated 8 March 2012, the transfer process was postponed by one year with Council of Ministers Decision No. 2014/6042 promulgated in Official Gazette No. 28987 dated 30 April 2014. As per this amendment, the process must be complete by 8 May 2015.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.20 ***Employee benefits (Continued)***

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 23 April 2015 and numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published İn the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no,5510, "Council of Ministers" is authorized to determine the date of transfer to the Social Security Institution has been replaced with "president".

According to the New Law, following the transfer of the members of the fund to the SSI, the funds and institutions will continue to provide the non-transferrable social benefits and payments which are included in the articles of association of the fund.

The Group allocated a provision in its financial statements for the technical gap of TRY935.201 identified with a report prepared by an actuary with the actuarial registration (31 December 2021: TRY294.503).

Employees of financial institutions within the scope of consolidation are not included in the pension plan described above, but are covered by the Social Security Institution and other defined contribution plans.

	31 December 2022	**31 December 2021**
Current value of funded liabilities	(16.151.721)	(9.063.017)
Advance value of future contributions	12.388.781	6.336.667
Total Transfer Liability to Social Security Institution	**(3.762.940)**	**(2.726.350)**
Past service obligation	(1.267.060)	(452.546)
Transfer to the Social Security Institution and Additional Liabilities	**(5.030.000)**	**(3.178.896)**
Market value of assets	4.094.799	2.884.393
Crate surplus after assets	**(935.201)**	**(294.503)**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.20 ***Employee benefits (Continued)***

The amount of the post-employment medical benefits transferrable to SSI is calculated over the net present value of medical liabilities and health premiums.

The principal actuarial assumptions used were as follows:

Discount rate	31 December 2022	31 December 2021
- Pension benefits transferrable to SSI	%9,80	%9,80
- Post-employment medical benefits transferrable to SSI	%9,80	%9,80
- Other non-transferrable benefits	%0,50	%3,54

Death rate

The average life expectancy of a person who retired at age 60 for men and 58 years for women was determined according to the statistical data based on statistical data and was 18 years for men and 24 years for women.

The movement table of the fair value of the assets is as follows:

	31 December 2022	31 December 2021
End of previous period	**2.884.393**	**2.329.229**
Real return of fund assets	1.014.061	492.765
Employer contributions	898.934	498.701
Employee contributions	48.683	330.903
Paid compensations	(751.272)	(767.205)
End of period	**4.094.799**	**2.884.393**

The distribution of fund assets is as follows:

	31 December 2022		31 December 2021	
Bank placements	487.995	%12	546.798	%19
Tangible assets	44.012	%1	15.955	%1
Securities and shares	3.487.089	%85	1.473.310	%51
Other	75.703	%2	848.330	%29
End of period	**4.094.799**	**%100**	**2.884.393**	**%100**

<u>Provision for Employment Termination Benefit</u>

The provision for employment termination benefits represents the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees, completion of one year of service of the employees, employees' being calling up for military service or death of the employees calculated in accordance with the Turkish Labour Law (Note 21). All actuarial gains and losses are accounted for under equity.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.21 ***Provisions, contingent liabilities and assets***

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.3.22 ***Investment incentives***

The Group benefits from research and development ("R&D") grants within the scope of the Communiqué No: 98/10 of The Scientific and Technological Research Council of Turkey ("TÜBİTAK") and Money Credit and Coordination Board related to R&D grants for its research and development projects given that such projects satisfy specific criteria with respect to the evaluation of TÜBİTAK Technology Monitoring and Evaluation Board.

The government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

The government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Accordingly, government grants are recognised as income when the related costs which they are intended to compensate were incurred. Similarly, grants related to depreciable assets are recognised as income over the periods and in the proportions in which depreciation on those assets is charged.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.23 *Insurance technical reserves*

Unearned premiums reserve

An unearned premium reserve is calculated on a daily basis for all policies in force as of the balance sheet date for unearned portions of premiums written. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12:00 noon and finish at 12:00 noon again. Commissions paid for written premium and commissions received from ceded premium that hit future months and future income statements are accounted in prepaid expenses and prepaid expenses for future years respectively in balance sheet, net in operating expenses. According to the Technical Reserves Regulation, foreign exchange selling rates declared in the Official Gazette of the CBRT on the date of accrual of the relevant premium are taken into account in the account of the unearned premiums related to the insurance contracts, which are indexed to beverages, if no foreign exchange rate is specified in the insurance contract.

Continued risk provisions

In accordance with the Technical Reserves Regulation, as of January 1, 2008, insurance companies are obliged to allocate a provision for ongoing risks, taking into account the expected loss premium ratio, in case the indemnities that may arise due to the insurance contracts in force are more than the unearned premium reserves reserved for the relevant contracts. The expected loss ratio is calculated by dividing the incurred claims by the earned premium. If the expected loss premium ratio calculated on a branch basis is above 95%, the amount found by multiplying the ratio exceeding 95% with the net unearned premium reserve, the net continuing risks reserve, and the ratio exceeding 95% by multiplying the gross unearned premium reserve. The amount found is calculated as the Gross Continuing Risk Provision. The difference between the gross amount and the net amount is considered as the reinsurer's share. In the Circular No. 2019/5 on the Provision for Ongoing Risks, the first amount of DERK. It is stated that it can be calculated on the basis of the accounting year described in the paragraph or on the basis of the accident year. If the calculation is based on the accident year, a separate calculation will be made for the works transferred to the pool.

The company calculated DERK account on the basis of the accounting year as a result of the relevant circular. In accordance with the Circular dated October 24, 2022 and numbered 2022/27, the Loss/Premium ratios used in the calculations of 31 December 2022 DERK calculations have been adjusted, according to best estimation principles made by the company actuary, for each quarter separately. In this framework, the SEDDK's opinion on the appropriateness of the Group's DERK calculation method has been received, and the effects of the additional premium increases in 2022 and the effects of retrospective damage cost increases are included in the Loss/Premium ratio using the indexation method.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.23 ***Insurance technical reserves (Continued)***

Outstanding claim and provision

Group insurance companies allocate outstanding claims reserve for accrued and unsettled but not yet reported unearned but unreported amounts in the previous accounting period or in the current accounting period. Compensations that have been filed before the accounting period but have been notified after these dates are regarded as realized but not reported compensation claims.

According to "Regulation Regarding the Amendment of the Regulation on the Technical Reserves of Insurance and Reinsurance Companies and Pension Funds and the Assets to be Invested in These Provisions" published in the Official Gazette dated July 28, 2010 and numbered 27655 and the "Circular on Outstanding Claims" dated 5 December 2014 and numbered 2014/16, the Company's Unfunded Claims Provisions were calculated using actuarial chain ladder methods.

With the regulation numbered 18145 published by the Ministry of Treasury and Finance on 5 July 2017, the "Risk Insurance Pool" was established to be effective as of 12 April 2017. Accordingly, the premium and loss amounts that the company will transfer to the pool in the Compulsory Traffic branch are excluded from the data used when calculating the IBNR. For the damages that the Company will take over from the mentioned pool; Damage Premium rates on the basis of the accident period published by the Turkish Motor Vehicles Bureau have been taken into account.

Life mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves (those with minimum income guarantee determined by the tariffs approved by the Treasury and those including risk guarantees over one year) and life profit share reserved and represent the Company's total liability to the policyholders in the life branch.

Mathematical reserve; is the sum of reserves specified in the contract's technical terms and calculated using statical and actuarial methods in order to cover the liabilities of insurane companies to policyholders and beneficiaries for life, health, sickness and personal accident insurance contracts with periods longer than a year and if it is committed, the reserves for the part allocated to insured from the revenues derived from the investment of such reserves. In accordance with the Insurance Law, the remaining amount of life branch premiums that are collected in accordance with life insurance agreements, after deduction of expense charges, mortality risk premium and commissions are accounted for as life mathematical reserves. The apptroval of mathematical reserves is made by the actuaries based on current mortaliy tables valid for Turkish insurance companies and prepared by considering mortality statics prepared abroad.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.24 *Revenue recognition*

Revenue is accounted for in the consolidated financial statements within the scope of the five-stage model below.

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations.

Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

a)Presence of Group's collection right of the consideration for the goods or services,
b) Customer's ownership of the legal title on goods or services,
c) Physical transfer of the goods or services,
d) Customer's ownership of significant risks and rewards related to the goods or services,
e) Customer's acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

<u>Banking</u>

Interest income and expenses are recognized in the income statement on an accrual basis by using the effective interest method. When loans and advances to customers are considered doubtful of collection by the management, interest income is suspended, and the rediscount amounts recorded until the cessation date are canceled and not recorded as income until the collection is made. Fees and commissions received as a result of the service agreements or arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognized either in the period when the transaction is realized or deferred based on the type of the underlying transaction. Other commission income and fees from various banking services are recorded as income at the time of realization

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.24 *Revenue recognition (continued)*

Insurance

Life:

Premium income represents premiums accrued on policies issued during the period, adjusted by the reserve for unearned premiums for annual life policies, during the period.

Non-Life:

Premium income represents premiums on policies written during the period, net of cancellations, as adjusted by the reserve for unearned premiums.

2.3.25 *Earnings per share*

Earnings per share for each class of share disclosed in these consolidated statements of income are determined by dividing the net income after translation adjustment attributable to that class of shares by the weighted average number of shares of that class that have been outstanding during the period concerned. As disclosed in Note 35 earnings per share are calculated in accordance with TAS 33 "Earnings Per Share". Income as per share stated in the income statement is calculated by dividing the net profit by the weighted average of the share certification available in the market during the whole year.

Companies in Turkey can increase their capitals that they distributed to their shareholders from the profits of previous year by "free of charge share certificates". Such "free of charge share" distributions are considered as issued share incalculation of profit as per share. Accordingly, number of weighted average shares used in these calculations is calculated considering the retrospective impacts of related share certificate.

2.3.26 Repurchased shares

As the Group companies repurchase their own equity instruments, these instruments are accounted for as "treasury shares" and deducted from the equity. Gain or loss is not recognised in the consolidated statement of income due to the purchase, sale, issue or cancellation of the equity instruments of the Group companies and the amounts received or paid for these transactions are recognised directly in the equity.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.27 *Foreign currency transactions*

Functional Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish lira, which is the functional currency of the Holding.

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into Turkish lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated income statement.

Foreign Group companies

The results of Group undertakings using a measurement currency other than Turkish lira are first translated into Turkish lira by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into Turkish lira by using the closing rate at the balance sheet date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and year-end rates are included in translation reserve as a separate item in the shareholders' equity.

2.3.28 *Business combinations*

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively*;*
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.28 ***Business combinations (Continued)***

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with TFRS 9 and corresponding gain or loss being recognised in profit or loss or other comprehensive income. Without the scope of TFRS9 are accounted for in accordance with TAS 37 Provisions.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is premeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Partial share purchase-sale transactions with non-controling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For share purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. In case of the share sales to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity because of the absence of a specifical heading for the loss and gains resulting from these transactions within the equity items in the template mandated by the CMB.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.28 ***Business combinations (Continued)***

2.3.29 ***Segment reporting***

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The Group presents its operating segments to the decision-making authority based on TFRS and certain classifications have been made that is consistent with the segments presented in the internal reporting. The Group's risk and rewards ratios are differentiate depending on produced the goods and services according to internal reporting, therefore segment information has been based on industrial segments. Geographical segments have not been disclosed in these consolidated financial statements because of materiality as the operations of the Group in geographical areas other than Turkey are not reportable geographical segments individually considering with the overall consolidated financial statements. Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision- maker. The chief operating decision-maker is responsible for the decisions related to the allocation of resources to the segments and assessment of performance of segments.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.30 *Events occurring after the balance sheet date*

If any event requiring adjustment arises after the balance sheet date, the group adjusts the amounts included in the financial statements in line with the new circumstances. Issues occurring after the balance sheet date which do not require any adjustment are explained in the footnotes of the consolidated financial statements if they affect the economic decisions of the financial statement users.

2.3.31 *Impairment of receivables from loans and leasing transactions determined within the framework of TFRS*

In the Group's consolidated financial statements dated 31 December 2022, there are loan and rent receivables totalling TRY629.236.521 (31 December 2021: TRY405.627.216), which constitutes an important part of the assets, and a total impairment provision of TRY22.190.368 (31 December 2021: TRY19.014.505) allocated in relation to these loan and rent receivables. The Group calculates the expected loan loss as per TFRS 9, "Financial Instruments Standard". TFRS 9 is a complicated accounting standard, requiring critical judgement and interpretation in practice. These judgements and interpretations are key in developing financial models measuring expected loan losses for loans calculated at amortised cost. In addition, a large data set obtained from multiple systems is necessary for use in the models developed. Also, the provision calculation includes complicated information and estimations such as past losses, current conditions and macro-economic expectations. The provision for the expected losses from lease transactions related to loans and receivables is collectively allocated for similar loan portfolios in a way that includes management's best estimations and past losses as of the balance sheet date, and for important loans, it is allocated by evaluating each item separately.

Expected loss provision for loans and leases, including management's best estimates and past loss experience as of the balance sheet date, for similar loan portfolios collectively; for important loans, they are evaluated on an individual basis.

2.4 Critical accounting estimates and assumptions

When preparing the consolidated financial statements according to Turkish Financial Reporting Standards, Group management must make some assumptions and estimations which identify the amount of income and expenses as of the reporting period, which identify liabilities and commitments likely to occur as of the balance sheet date and which may affect the amount of assets and liabilities which are reported. These estimations and assumptions may differ from actual results even though they are based on the best knowledge of Group management regarding current events and transactions. Estimations are reviewed regularly, and necessary adjustments are made and reflected on the statement of income for the relevant period. If changes in accounting estimations are related to one period only, they are reflected in the financial statements in the current period of the change. If they are related to future periods, they are reflected in the financial statements prospectively, both in the period of the change and in the future period, and are considered when defining the net period profit or loss.

a) Goodwill

Business combinations are recognized using the purchase method in the scope of the TFRS 3 "Business Combinations" standard. (i) The value of the net identifiable assets and the conditional liabilities on the balance sheet prepared on the date of acquisition as per the provisions of TFRS 3, (ii) the value of non-controlling interest and (iii) the difference between them and previously owned shares of the company acquired with a purchase fee are recognized as goodwill. If the difference is negative, goodwill does not arise, and the difference is recognized under "Investment operation income" as negotiated purchase earnings.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Using this method, the purchase fee was calculated at the fair value of cash and other assets provided on the date of acquisition, of excluded capital instruments or of liabilities undertaken. If the business combination agreement includes provisions that the purchase fee may be adjusted in line with future occurrences, and if this adjustment is probable and its value definable, this adjustment is included in the purchase fee at the date of the business combination. Costs related to the acquisition are recognized in the period they arise.

Identifiable assets, liabilities and contingent liabilities of the business acquired in the balance sheet of the business acquired prepared according to the provisions of TFRS 3 are measured at fair value.

Goodwill recognized as a result of business combinations is not amortized and instead is tested for impairment annually (as of December 31), or more frequently if circumstances indicate that it might be impaired. Impairment losses calculated on goodwill cannot be associated with the income statement even if the impairment ceases to exist in the following periods. Goodwill is associated with cash-generating units during the impairment test. Legal mergers among the enterprises controlled by the Group are evaluated within the scope of TFRS 3. Therefore, the goodwill in transactions like this cannot be recognized.

b) The Fund

The Retirement Fund Foundation ("Fund") of the bank was established as per provisional article 20 of Law No. 506, and it is within the scope of funds to be transferred to SSI. The Council of Ministers is authorized to determine the date of transfer. Total liabilities of the fund, benefits to be transferred and additional benefits to remain the responsibility of the Fund are determined using separate methods and assumptions. Selecting appropriate assumptions for the valuation of retirement fund liabilities requires judgement and a high level of technical expertise. Bank management benefits from the services of an external actuary company for these valuations.

c) Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized.

d) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques based on market-observable data, market comparable approach that reflects recent transaction prices for similar properties and discounted cash flows.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 3 - BUSINESS COMBINATIONS

The business combinations between the period 1 January and 31 December 2022 are as follows:

51% of the shares in Radiflow Ltd., a global cyber security company operating in the Middle East, USA, European and Asian markets, have been acquired by DxBV in consideration for USD 30.729 post customary adjustments as per acquisition and closing procedures which is a company incorporated in the Netherlands of which Holding is the sole and founding shareholder, as of May 30. Moreover, 100% of the shares in SEM İnternet Reklam Hizmetleri ve Danışmanlık A.Ş. and Liberdatum Internet Reklam Hizmetleri ve Danışmanlık A.Ş, digital marketing companies operating in Turkey, have been acquired by DxBV as of June 30, 2022 in consideration for a total of USD 14.780 post customary adjustments as per acquisition and closing procedures. Both companies became subsidiaries of DxBV after the acquisition.

In this scope, the fair values of the identifiable assets, liabilities, and conditional liabilities of relevant companies as of the reporting period were predicted by preparing financial statements as per TFRS and were reflected in the financial statements as temporary amounts.

As per the TFRS 3 standard, the measuring period was defined to be a maximum of one year as of the date of purchase, and if added information arises following the completion of the report, additional assets and liabilities may be recognized.

Purchase price and recognized assets and liabilities at the date of purchase:

	Radiflow (TRY)
Purchased intangible assets	341.287
Purchased liabilities	175.846
Total net identifiable assets	**165.441**
Corresponding to 51% of the purchased	**84.375**
Cash purchase price	504.019
Ownership rate	51%
Goodwill	**419.644**

Purchase price and recognized assets and liabilities at the date of purchase:

	Sem&Liberdatum (TRY)
Purchased intangible assets	214.345
Purchased liabilities	125.799
Total net identifiable assets	**88.546**
Cash purchase price	248.141
Ownership rate	100%
Goodwill	**159.595**

The portion of the purchase price exceeding the fair value of the identifiable assets, liabilities and contingent liabilities acquired because of the purchase amounted by full TRY419.644 and full TRY159.595, respectively, are recorded as goodwill on balance sheet.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 3 - BUSINESS COMBINATIONS (Continued)

The business combinations between the period 1 January and 31 December 2022 are as follows:

Microtex's shares representing 60% were purchased by the Kordsa from Microtex Composites S.r.l (Microtex) on 5 August 2022 amounted by TRY502.107.

A third-party valuation institution is carrying out a study to determine the fair value of identifiable assets and liabilities via the purchasing method according to TFRS 3 Business Combinations standard (TFRS 3), the allocation of the purchasing amount to tangible and intangible fixed assets and value appraisal studies are ongoing as of the date of the report. In this scope, the fair values of the identifiable assets, liabilities, and conditional liabilities of relevant companies as of the reporting period were predicted by preparing financial statements as per TFRS and were reflected in the financial statements as temporary amounts. As per the TFRS 3 standard, the measuring period was defined to be a maximum of one year as of the date of purchase, and if added information arises following the completion of the report, additional assets and liabilities may be recognized.

Purchase price and recognized assets and liabilities at the date of purchase:

	Microtex (TRY)
Purchased intangible assets	806.172
Purchased liabilities	334.187
Total net identifiable assets	**471.985**
Corresponding to 60% of the purchased	**283.191**
Cash purchase price	489.565
Ownership rate	60%
Goodwill	**206.374**

The portion of the purchase price exceeding the fair value of the identifiable assets, liabilities and contingent liabilities acquired as a result of the purchase amounted by TRY206.374 is recorded as goodwill on balance sheet.

Sabancı Renewables Inc., a 100% subsidiary of İklim Teknolojileri, has taken over all of the shares representing 100% of the capital of Cutlass Solar II LLC (Cutlass) on 7 October 2022 for USD24.708.

A third-party valuation institution is carrying out a study to determine the fair value of identifiable assets and liabilities via the purchasing method according to TFRS 3 Business Combinations standard (TFRS 3), the allocation of the purchasing amount to tangible and intangible fixed assets and value appraisal studies are ongoing as of the date of the report. In this scope, the fair values of the identifiable assets, liabilities, and conditional liabilities of relevant companies as of the reporting period were predicted by preparing financial statements as per TFRS and were reflected in the financial statements as temporary amounts. As per the TFRS 3 standard, the measuring period was defined to be a maximum of one year as of the date of purchase, and if added information arises following the completion of the report, additional assets and liabilities may be recognized.

Purchase price and recognized assets and liabilities at the date of purchase:

	Cutlass (TRY)
Purchased intangible assets	81.326
Purchased liabilities	1.670
Total net identifiable assets	**79.656**
Cash purchase price	458.561
Ownership rate	100%
Goodwill	**378.905**

The portion of the purchase price exceeding the fair value of the identifiable assets, liabilities and contingent liabilities acquired as a result of the purchase amounted by TRY378.905 is recorded as goodwill on balance sheet.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 3 - BUSINESS COMBINATIONS (Continued)

The business combinations between the period 1 January and 31 December 2021 are as follows:

Ageas Insurance International NV (Ageas) have acquired all AvivaSA Emeklilik ve Hayat A.Ş. (AvivaSA) shares that representing %40 of the share capital, from Aviva International Holdings Ltd. (Aviva) as of 05 May 2021. %80 of AvivaSA's shares representing have been shared equally by the Company and Ageas as of the date and the trade name of Avivasa has been changed to AgeSa Hayat ve Emeklilik A.Ş. (Agesa) was registered in the trade registry on 8 July 2021. The Company and Ageas also own the shares representing %72 of Aksigorta's capital in equally. The Shareholders Agreement signed between the Company and Ageas with the change in the shareholding structure in Agesa which regulates the matters related to the management of Agesa as of 14 January 2021. Similarly, the Shareholders Agreement which regulates the joint management of Aksigorta between the Company and Ageas dated 18 February 2011 has also been revised and signed between the Company and Ageas as of 14 January 2021.

While the Group has been consolidated Aksigorta and Agesa companies with equity method by 36% and 40% shareholdings due to the changes on conditions of shareholders' agreements, the company have taken control of Agesa and Aksigorta and have been consolidated with full consolidation method in accordance with TFRS 3 as of July 1, 2021.

The purchase price, the fair values of the identifiable assets and liabilities in accordance with TFRS 3 are summarized in the table below. Assets and liabilities recognized at the date of full consolidation:

	Agesa
Assets valued at full consolidation	7.440.646
Liabilities valued at full consolidation	4.454.816
Total net identifiable assets	**2.985.830**
Fair value of net assets	3.214.353
Ownership rate	40%
Group portion of goodwill	**91.409**

The fair value of identifiable assets, liabilities and contingent liabilities acquired as a result of the full consolidation transaction, exceeding the book value per group share amounting to TRY91.409 is recorded as goodwill in the balance sheet.

	Aksigorta
Assets valued at full consolidation	11.652.224
Liabilities valued at full consolidation	9.469.367
Total net identifiable assets	**2.182.857**
Fair value of net assets	2.263.763
Ownership rate	36%
Group portion of goodwill	**29.126**

The fair value of identifiable assets, liabilities and contingent liabilities acquired as a result of the full consolidation transaction, exceeding the book value per group share amounting to TRY29.126 is recorded as goodwill in the balance sheet.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING

Holding key management reviews the results and performance of its reportable operating segments based on EBITDA (earnings before interest, foreign currency gains and losses and due date income and expenses as part of other operating income and expenses and depreciation and amortization). In addition to the requirements of segment reporting, The Group's management presented this information for certain financial statement readers to utilize this data during their analyses.

a) External Revenues (Consolidated):

	1 January - 31 December 2022	**1 January - 31 December 2021**
Finance	166.306.807	57.622.046
Banking	149.027.855	52.474.958
Financial Services	17.278.952	5.147.088
Industry	18.437.174	7.928.278
Retail	36.502.932	16.814.895
Building Materials	11.068.557	4.370.827
Other	2.163.693	1.456.352
Total (*)	**234.479.163**	**88.192.398**

(*) The distribution of income refers to total revenue in the consolidated income statement.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

b) Segment Assets (Consolidated):

	31 December 2022	31 December 2021
Finance	1.172.837.199	782.773.062
Banking	1.136.749.736	759.925.181
Financial Services	36.087.463	22.847.881
Energy	3.076.939	-
Industry	23.869.268	14.250.722
Retail	14.232.028	8.085.754
Building Materials	16.222.673	8.100.013
Other	10.982.577	6.426.779
Segment assets	**1.241.220.684**	**819.636.330**
Assets classified as held for sale	591.215	694.573
Investments accounted through equity method (Note 13)	17.611.848	8.763.569
Unallocated assets	(4.851.745)	(1.349.773)
Less: intersegment eliminations	(8.642.074)	(7.980.910)
Total assets as per consolidated financial statements	**1.245.929.928**	**819.763.789**

c) Segment Liabilities (Consolidated):

	31 December 2022	31 December 2021
Finance	1.019.791.009	702.533.005
Banking	991.096.954	685.380.986
Financial Services	28.694.055	17.152.019
Energy	9.018	-
Industry	13.674.523	7.674.087
Retail	14.273.412	8.277.383
Building Materials	9.115.113	5.482.272
Other	2.205.129	1.416.694
Segment liabilities	**1.059.068.204**	**725.383.441**
Liabilities associated with assets classified as held for sale	13.891	-
Unallocated Liabilities	(2.430.556)	(1.224.908)
Less: intersegment eliminations	(10.954.169)	(7.998.926)
Total liabilities as per consolidated financial statements	**1.045.697.370**	**716.159.607**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment:

i) Banking:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Cash and cash equivalents	51.588.066	51.588.066	66.412.593	66.412.593
Financial investments	280.508.818	280.508.818	163.705.496	163.705.496
Derivative financial instruments	48.846.801	48.846.801	49.786.871	49.786.871
Balances with the Central Bank of the Republic Turkey	114.589.752	114.589.752	81.792.492	81.792.492
Receivables from finance sector operations	605.844.338	605.844.338	385.773.791	385.773.791
Property, plant and equipment	4.074.188	4.074.188	2.296.505	2.296.505
Right of use assets	861.827	861.827	589.516	589.516
Intangible assets	2.706.123	2.706.123	1.499.602	1.499.602
Other receivables and other assets	28.321.036	28.321.036	8.300.611	8.300.611
Total segment assets	**1.137.340.949**	**1.137.340.949**	**760.157.477**	**760.157.477**
Financial liabilities	123.794.446	123.794.446	110.953.405	110.953.405
Payables of finance sector operations	779.063.732	779.063.732	517.618.535	517.618.535
Derivative financial instruments	15.055.602	15.055.602	25.624.651	25.624.651
Other payables and other liabilities	73.183.174	73.183.174	31.184.395	31.184.395
Total segment liabilities	**991.096.954**	**991.096.954**	**685.380.986**	**685.380.986**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations.

As of 31 December 2022, the cash flows from operating activities of the Bank is TRY30.857.462. (31 December 2021: TRY45.594.269).
As of 31 December 2022, the cash flows from investing activities of the Bank is TRY(42.479.754). (31 December 2021: TRY(45.566.521)).
As of 31 December 2022, the cash flows from financing activities of the Bank is TRY(8.154.097). (31 December 2021: TRY21.883.924).
Accumulated non-controlling interests of Akbank as of 31 December 2022 is TRY86.649.567 (31 December 2021: TRY44.305.071).

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (Continued):

ii) Financial Services:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Cash and cash equivalents	5.997.181	5.997.181	2.940.017	2.940.017
Financial investments	13.402.291	13.402.291	8.268.078	8.268.078
Receivables from finance sector operations	3.245.017	3.242.369	1.832.521	1.832.454
Property, plant and equipment	97.383	97.383	71.435	71.435
Right of use assets	64.215	64.215	47.612	47.612
Intangible assets	3.783.287	3.783.287	3.943.745	3.943.745
Other receivables and other assets	9.368.374	9.500.737	5.614.758	5.744.540
Total segment assets	**35.957.748**	**36.087.463**	**22.718.166**	**22.847.881**
Financial liabilities	565.473	565.473	116.828	116.828
Payables from finance sector operations	2.829.891	2.829.433	1.065.653	1.065.653
Insurance technical provisions	22.912.882	22.912.883	14.095.161	14.095.161
Other payables and other liabilities	2.385.809	2.383.194	1.874.377	1.874.377
Total segment liabilities	**28.694.055**	**28.690.983**	**17.152.019**	**17.152.019**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations.

Financial Services segment consists of Aksigorta and Agesa.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (Continued):

iii) Energy:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Cash and cash equivalents	12.364.503	1.472.039	3.917.521	-
Financial investments	1.226.266	218.805	409.899	-
Trade receivables	10.854.320	-	7.887.848	-
Inventories	1.917.107	-	688.214	-
Investments accounted through equity method (Note 13)	-	14.898.914	-	7.022.533
Property, plant and equipment	14.038.345	80.452	10.727.754	-
Right of use assets	560.087	-	367.369	-
Intangible assets	5.117.607	-	4.783.912	-
Other receivables and other assets	46.357.054	1.305.643	21.092.408	-
Total segment assets	**92.435.289**	**17.975.853**	**49.874.925**	**7.022.533**
Financial liabilities	29.429.286	-	19.691.430	-
Trade payables	12.327.003	-	5.817.253	-
Other payables and other liabilities	14.264.206	9.018	8.450.972	-
Total segment liabilities	**56.020.495**	**9.018**	**33.959.655**	**-**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations.

Energy segment consists of Enerjisa Enerji A.Ş., Enerjisa Üretim Santralleri A.Ş. and Sabancı İklim Teknolojileri.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (Continued):

iv) Industry:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Cash and cash equivalents	4.441.738	799.228	3.539.685	194.805
Financial investments	1.300.739	59.131	134.795	875
Trade receivables	6.259.720	3.859.125	3.675.628	2.615.203
Inventories	7.861.449	5.497.272	4.072.572	2.963.849
Investments accounted through equity method (Note 13)	300.427	1.416.764	540.348	1.007.457
Property, plant and equipment	8.788.223	6.019.326	5.948.195	3.912.528
Right of use assets	534.812	501.413	243.951	233.000
Intangible assets	2.776.737	2.500.212	1.723.316	1.596.855
Other receivables and other assets	7.773.854	4.633.560	5.469.844	3.015.635
Total segment assets	**40.037.699**	**25.286.031**	**25.348.334**	**15.540.207**
Financial liabilities	15.274.420	8.444.582	9.224.243	4.434.125
Trade payables	7.347.342	2.971.506	4.738.072	1.930.912
Other payables and other liabilities	3.920.408	2.272.326	2.199.648	1.309.050
Total segment liabilities	**26.542.170**	**13.688.414**	**16.161.963**	**7.674.087**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations.
Industry segment consists of Kordsa and Brisa.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (Continued):

v) Retail:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Cash and cash equivalents	2.796.734	2.796.734	1.583.386	1.583.386
Trade receivables	855.498	855.498	296.256	296.256
Inventories	6.109.249	6.109.249	3.191.507	3.191.507
Investment property	34.772	34.772	34.772	34.772
Property, plant and equipment	941.241	941.241	619.504	619.504
Right of use assets	1.488.127	1.488.127	1.017.297	1.017.297
Intangible assets	173.888	173.888	106.338	106.338
Other receivables and other assets	1.780.863	1.832.519	1.185.038	1.236.694
Total segment assets	**14.180.372**	**14.232.028**	**8.034.098**	**8.085.754**
Financial liabilities	3.096.752	3.096.752	2.442.905	2.442.905
Trade payables	9.755.849	9.755.849	5.124.517	5.124.517
Other payables and other liabilities	1.420.811	1.420.811	709.961	709.961
Total segment liabilities	**14.273.412**	**14.273.412**	**8.277.383**	**8.277.383**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations.

Retail segment consists of Teknosa and Carrefoursa.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (Continued):

vi) Building Materials:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Cash and cash equivalents	5.552.502	4.196.581	866.185	601.222
Financial investments	2.353.066	1.085.941	506.226	64
Trade receivables	4.385.879	1.637.591	2.182.916	1.265.858
Inventories	2.669.542	1.707.359	1.762.987	990.319
Investments accounted through equity method (Note 13)	-	995.742	-	471.118
Property, plant and equipment	5.590.996	4.363.810	4.329.778	3.423.351
Right of use assets	372.346	176.359	176.959	74.411
Intangible assets	1.031.003	971.363	822.947	777.723
Other receivables and other assets	3.270.912	2.083.668	1.614.632	1.147.313
Total segment assets	**25.226.246**	**17.218.414**	**12.262.630**	**8.751.379**
Financial liabilities	7.765.256	6.023.663	4.452.227	3.661.834
Trade payables	5.271.471	2.271.307	2.625.210	1.268.943
Other payables and other liabilities	1.381.402	820.144	754.803	551.495
Total segment liabilities	**14.418.129**	**9.115.114**	**7.832.240**	**5.482.272**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations.

Building materials segment consists of Çimsa, Akçansa and SBS.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (Continued):

vii) Other:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Cash and cash equivalents	5.346.729	5.346.729	3.725.682	3.725.682
Financial investments	22.264.885	2.346.060	13.961.115	97.900
Trade receivables	421.554	412.397	218.035	217.412
Inventories	136.260	136.260	375.323	375.323
Property, plant and equipment	428.143	392.079	255.747	219.683
Right of use assets	40.256	40.256	18.489	18.489
Intangible assets	351.035	351.035	33.416	33.416
Investments accounted through equity method (Note 13)	300.428	300.428	262.461	262.461
Other receivables and other assets	1.798.196	1.957.760	1.645.878	1.738.874
Total segment assets	**31.087.486**	**11.283.004**	**20.496.146**	**6.689.240**
Financial liabilities	504.549	504.549	18.700	18.700
Trade payables	616.615	603.353	498.829	497.202
Other payables and other liabilities	2.246.382	1.097.227	910.325	900.792
Total segment liabilities	**3.367.546**	**2.205.129**	**1.427.854**	**1.416.694**

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations.

Other segment consists of Sabancı Holding A.Ş., Exsa, Tursa, AEO, Sabancı DX and Dx BV.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

e) The reconciliation of the consolidated statement of profit or loss:

	1 January – 31 December 2022			1 January – 31 December 2021		
	Total Consolidation of segments before elimination	**Elimination and consolidation adjustments**	**Consolidated**	**Total Consolidation of segments before elimination**	**Elimination and consolidation adjustments**	**Consolidated**
Total revenue	**236.255.472**	**(1.776.309)**	**234.479.163**	**88.965.327**	**(772.929)**	**88.192.398**
Cost of sales and interest, premiums, commissions and other expenses	(124.564.665)	3.144.820	(121.419.845)	(55.110.181)	3.141.164	(51.969.017)
General administration expenses	(25.661.686)	448.131	(25.213.555)	(11.952.523)	207.186	(11.745.337)
Sales, marketing and distribution expenses	(5.948.758)	32.953	(5.915.805)	(3.026.198)	20.212	(3.005.986)
Research and development expenses	(109.311)	-	(109.311)	(46.937)	-	(46.937)
Other operating income/(expense) - net	5.275.875	(23.036)	5.252.839	1.199.911	(56.903)	1.143.008
Interest in income of joint ventures	11.679.714	-	11.679.714	2.786.514	-	2.786.514
Operating profit	**96.926.641**	**1.826.559**	**98.753.200**	**22.815.913**	**2.538.730**	**25.354.643**
Income/(expense) from investing activities - net	7.777.868	(2.005.851)	5.772.017	4.493.236	(2.655.158)	1.838.078
Operating profit before financial expense	**104.704.509**	**(179.292)**	**104.525.217**	**27.309.149**	**(116.428)**	**27.192.721**
Financial income/(expense) net	(1.950.621)	176.897	(1.773.724)	(1.454.552)	115.419	(1.339.133)
Income before tax	**102.753.888**	**(2.395)**	**102.751.493**	**25.854.597**	**(1.009)**	**25.853.588**
Tax	(20.362.002)	-	(20.362.002)	(5.274.478)	-	(5.274.478)
Profit/(loss) after tax from discontinued operations	(2.416)	-	(2.416)	(7.942)	-	(7.942)
Income for the period	**82.389.470**	**(2.395)**	**82.387.075**	**20.572.177**	**(1.009)**	**20.571.168**
Net income attributable to equity holders of the parent			**43.828.379**			**12.032.098**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss:

i) Banking:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Interest, commission and other income	150.384.009	150.384.009	53.006.038	53.006.038
Interest, commission and other expenses	(50.328.343)	(50.328.343)	(26.580.487)	(26.580.487)
General administration expenses	(20.752.909)	(20.752.909)	(9.898.995)	(9.898.995)
Other operating income/(expense) - net	916.401	916.401	379.256	379.256
Operating profit	**80.219.158**	**80.219.158**	**16.905.812**	**16.905.812**
Income/(expense) from investing activities - net	91.618	91.618	137.176	137.176
Profit before tax	**80.310.776**	**80.310.776**	**17.042.988**	**17.042.988**
Tax	(20.253.095)	(20.253.095)	(4.550.547)	(4.550.547)
Net income	**60.057.681**	**60.057.681**	**12.492.441**	**12.492.441**
Net income attributable to equity holders of the parent		**24.473.505**		**5.090.670**
EBITDA	81.473.173		17.688.307	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

Net income of non-controlling interests of Akbank as of 31 December 2022 is TRY35.584.176 (31 December 2021: TRY7.401.771).

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

ii) Financial Services:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Gross premiums	8.341.746	8.341.746	5.228.191	2.756.366
Gross written premiums	17.280.346	17.280.346	9.007.720	5.147.088
Unearned premiums reserves	(8.938.600)	(8.938.600)	(3.779.529)	(2.390.722)
Premiums, commission and other expenses	(10.436.003)	(10.436.003)	(4.577.450)	(2.077.360)
General administration expenses	(2.168.607)	(2.163.419)	(1.127.313)	(706.492)
Other operating income/(expense) - net	4.736.986	4.736.986	1.515.927	567.482
Interest in income of joint ventures (Note 13)	-	-	-	157.766
Operating profit	**474.122**	**479.310**	**1.039.355**	**697.762**
Income/(expense) from investing activities - net	512.982	512.982	179.095	99.159
Operating profit before financial expense	**987.104**	**992.292**	**1.218.450**	**796.921**
Financial income/(expense) - net	(263.639)	(263.639)	(67.727)	(27.480)
Profit before tax	**723.465**	**728.653**	**1.150.723**	**769.441**
Tax	(5.602)	(5.603)	(260.999)	(132.020)
Net income	**717.863**	**723.050**	**889.724**	**637.421**
Net income attributable to equity holders of the parent		**296.919**		**338.642**
EBITDA	780.137		1.263.868	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

iii) Energy:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Sales revenue (net)	140.515.678	-	46.986.667	-
Cost of sales	(116.696.652)	-	(35.999.325)	-
General administration expenses	(8.258.656)	(30.491)	(3.573.269)	-
Other operating income/(expense) - net	1.324.967	27.037	(134.145)	-
Interest in income of joint ventures (Note 13)	-	10.144.948	-	1.773.341
Operating profit	**16.885.337**	**10.141.494**	**7.279.928**	**1.773.341**
Income/(expense) from investing activities	81.508	-	1.324	-
Operating profit before financial expense	**16.966.845**	**10.141.494**	**7.281.252**	**1.773.341**
Financial income/(expense) - net	(5.381.533)	(936)	(2.527.175)	-
Profit before tax	**11.585.312**	**10.140.558**	**4.754.077**	**1.773.341**
Tax	11.599.814	-	(750.920)	-
Net income	**23.185.126**	**10.140.558**	**4.003.157**	**1.773.341**
Net income attributable to equity holders of the parent		**10.140.558**		**1.773.341**
EBITDA	18.433.862		8.720.529	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

iv) Industry:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Sales revenue (net)	32.520.244	18.439.744	14.562.540	7.928.278
Cost of sales	(24.886.103)	(15.078.041)	(10.797.784)	(6.179.462)
General administration expenses	(1.241.304)	(851.606)	(589.075)	(404.796)
Marketing expenses	(2.136.039)	(897.852)	(1.005.985)	(418.931)
Research and development expenses	(98.936)	(68.751)	(42.423)	(40.868)
Other operating income/(expense) - net	(456.224)	108.998	(140.500)	459.172
Interest in income of joint ventures (Note 13)	-	864.029	280.897	719.193
Operating profit	**3.701.638**	**2.516.521**	**2.267.670**	**2.062.586**
Income/(expense) from investing activities - net	97.243	4.800	1.522	2.342
Operating profit before financial expense	**3.798.881**	**2.521.321**	**2.269.192**	**2.064.928**
Financial income/(expense) - net	(333.950)	(55.884)	(143.019)	(385.922)
Profit before tax	**3.464.931**	**2.465.437**	**2.126.173**	**1.679.006**
Tax	37.830	(87.414)	34.921	(84.192)
Profit after tax from discontinued operations	(2.416)	(2.416)	(7.942)	(7.942)
Net income	**3.500.345**	**2.375.607**	**2.153.152**	**1.586.872**
Net income attributable to equity holders of the parent		**1.780.778**		**1.274.223**
EBITDA	5.166.583		3.176.095	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

v) Retail:

	Combined(*) 31 December 2022	**Consolidated (**) 31 December 2022**	**Combined(*) 31 December 2021**	**Consolidated (**) 31 December 2021**
Sales revenue (net)	36.639.296	36.551.677	16.887.586	16.841.255
Cost of sales	(28.935.304)	(28.847.685)	(13.041.673)	(12.995.406)
General administration expenses	(626.117)	(626.117)	(292.129)	(291.968)
Marketing expenses	(4.872.933)	(4.872.933)	(2.550.729)	(2.550.729)
Other operating income/(expense) - net	(867.932)	(867.932)	(579.053)	(579.053)
Operating profit/(loss)	**1.337.010**	**1.337.010**	**424.002**	**424.099**
Income/(expense) from investing activities - net	192.625	192.625	150.559	150.559
Operating profit/(loss) before financial expense	**1.529.635**	**1.529.635**	**574.561**	**574.658**
Financial income/(expense) - net	(1.098.142)	(1.098.142)	(714.076)	(714.076)
Profit/(loss) before tax	**431.493**	**431.493**	**(139.515)**	**(139.418)**
Tax	(50.380)	(50.380)	292	292
Net income/(loss)	**381.113**	**381.113**	**(139.223)**	**(139.126)**
Net income/(loss) attributable to equity holders of the parent		**183.527**		**(88.883)**
EBITDA	2.780.589		1.448.346	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

vi) Building materials:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Sales revenue (net)	21.590.968	11.068.691	7.916.114	4.370.902
Cost of sales	(18.096.170)	(9.067.579)	(6.737.763)	(3.614.021)
General administration expenses	(899.935)	(664.690)	(506.424)	(396.962)
Research and development expenses	(10.736)	(10.736)	(6.069)	(6.069)
Marketing expenses	(64.354)	(15.971)	(30.016)	(13.224)
Other operating income/(expense) - net	208.367	245.248	202.346	252.700
Interest in income of joint ventures (Note 13)	-	596.838	-	120.468
Operating profit	**2.728.140**	**2.151.801**	**838.188**	**713.794**
Income/(expense) from investing activities - net	1.752.146	1.750.295	161.850	122.086
Operating profit before financial expense	**4.480.286**	**3.902.096**	**1.000.038**	**835.880**
Financial income/(expense) - net	(675.007)	(459.174)	(354.368)	(303.478)
Profit before tax	**3.805.279**	**3.442.922**	**645.670**	**532.402**
Tax	841.627	278.555	167.550	97.440
Net income	**4.646.906**	**3.721.477**	**813.220**	**629.842**
Net income attributable to equity holders of the parent		**2.365.794**		**371.050**
EBITDA	2.983.111		953.615	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

vii) Other:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Sales revenue (net)	4.640.103	2.531.005	3.245.204	1.671.765
Cost of sales	(1.871.810)	(1.868.415)	(1.275.293)	(1.272.722)
General administration expenses	(590.533)	(572.454)	(262.524)	(253.310)
Marketing expenses	(162.443)	(162.001)	(43.672)	(43.313)
Research and development expenses	(29.824)	(29.824)	-	-
Other operating income/(expense) - net	124.476	105.688	129.444	120.353
Shares in profits of joint ventures (Note 13)	73.897	73.897	15.746	15.746
Operating profit	**2.183.866**	**77.896**	**1.808.905**	**238.519**
Income/(expense) from investing activities - net	5.216.214	5.225.548	3.990.278	3.981.914
Operating profit before financial expense	**7.400.080**	**5.303.444**	**5.799.183**	**4.220.433**
Financial income/(expense) - net	(72.846)	(72.846)	(23.596)	(23.596)
Profit before tax	**7.327.234**	**5.230.598**	**5.775.587**	**4.196.837**
Tax	(244.065)	(244.065)	(605.454)	(605.454)
Net income	**7.083.169**	**4.986.533**	**5.170.133**	**3.591.383**
Net income attributable to equity holders of the parent		**4.587.299**		**3.273.053**
EBITDA	2.186.888		1.786.866	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.
(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

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NOTE 4 - SEGMENT REPORTING (Continued)

g) Detail of net income/(loss) attributable to equity holders of the parent

One-off income expenses are one-time income or expenses that the Group does not expect to encounter in routine operations.Details of the net profit / (loss) attributable to equity holders of the parent with adjusted segments is as follows:

	31 December 2022	31 December 2021
Banking	24.473.505	5.052.766
Financial Services	403.126	360.483
Industry	1.653.241	1.198.596
Building Materials	809.678	241.188
Energy	5.074.197	1.931.324
Retail	127.425	(120.536)
Other	2.039.010	997.316
Total	**34.580.182**	**9.661.137**

A reconciliation of adjusted net income attributable to equity holders of the Parent is as follows:

	31 December 2022	31 December 2021
Adjusted net income for reported operating segments (Equity holders of the Parent)	34.580.182	9.661.137
One off income/(expenses) related to Enerjisa Enerji(*)	4.014.491	(53.012)
One off income/(expenses) related to Holding (**)	2.524.596	2.280.595
One off income/(expenses) related to Çimsa(***)	1.229.241	102.334
One off income/(expenses) related to Enerjisa Üretim(*)	1.074.125	(104.970)
One off income/(expenses) related to Carrefoursa	63.861	21.113
One off income/(expenses) related to Agesa	(85.573)	(59.362)
Other	427.456	184.263
Net income (Equity holders of the Parent)	**43.828.379**	**12.032.098**

(*) In 2022, a significant portion of one-time income/expenses related to Enerjisa Enerji and Enerjisa Üretim consists of the deferred tax income effect accounted by the revaluation of depreciable economic assets in the legal financial statements.
(**) A significant portion of the one-time income/expenses related to the Holding in 2022 consists of the sales gains of its shares on Philsa and PMSA capital.
(***) It consists of income from investment activities obtained from assets sold in the Kayseri-Niğde region in 2022.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

h) Combined EBITDA Detail

31 December 2022	Profit Before Tax	Depreciation Expenses	Income/(expenses) from Investing Activities - net	Financial income/(expense) - net	Operational foreign Exchange differences/interest	EBITDA
Banking	80.310.776	1.254.015	91.618	-	-	81.473.173
Industry	3.464.931	899.616	97.243	(333.950)	(565.329)	5.166.583
Building Materials	3.805.279	442.301	1.752.146	(675.007)	187.330	2.983.111
Retail	431.493	699.798	192.625	(1.098.142)	(743.781)	2.780.589
Energy	11.585.312	1.220.238	81.508	(5.381.533)	(328.287)	18.433.862
Financial Services	723.465	494.778	512.982	(263.639)	188.763	780.137
Other	7.336.001	92.218	5.216.214	(72.846)	97.963	2.186.888

31 December 2021	Profit Before Tax	Depreciation Expenses	Income/(expenses) from Investing Activities - net	Financial income/(expense) - net	Operational foreign Exchange differences/interest	EBITDA
Banking	17.042.988	782.495	137.176	-	-	17.688.307
Industry	2.126.173	587.212	1.522	(143.019)	(321.213)	3.176.095
Building Materials	645.670	306.496	161.850	(354.368)	191.069	953.615
Retail	(139.515)	519.510	150.559	(714.076)	(504.834)	1.448.346
Energy	4.754.077	1.021.560	1.324	(2.527.175)	(419.041)	8.720.529
Financial Services	1.150.723	275.228	179.095	(67.727)	50.715	1.263.868
Other	5.775.587	49.181	3.990.278	(23.596)	71.220	1.786.866

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

i) Depreciation and amortisation charges, impairment and capital expenditures (Consolidated):

1 January – 31 December 2022

	Finance							
	Banking	Financial Services	Industry	Building Materials	Energy	Retail	Other	Total
Depreciation and amortization	1.254.015	494.778	610.941	314.314	-	699.798	100.985	3.474.831
Capital expenditures	4.180.135	348.496	888.533	1.071.081	80.452	669.167	282.470	7.520.334

1 January – 31 December 2021

	Finance							
	Banking	Financial Services	Industry	Building Materials	Energy	Retail	Other	Total
Depreciation and amortization	782.495	225.416	350.012	197.664	-	519.702	49.181	2.124.470
Capital expenditures	1.098.924	148.147	684.115	225.310	-	294.800	74.475	2.525.771

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

j) Depreciation and amortisation charges, impairment and capital expenditures (Combined):

1 January – 31 December 2022

	Finance							
	Banking	Financial Services	Industry	Building Materials	Energy	Retail	Other	Total
Depreciation and amortization	1.254.015	494.778	899.616	442.301	1.220.238	699.798	100.985	5.111.731
Capital expenditures	4.180.135	348.496	1.899.423	1.510.079	8.965.211	669.167	282.469	17.854.980

1 January – 31 December 2021

	Finance							
	Banking	Financial Services	Industry	Building Materials	Energy	Retail	Other	Total
Depreciation and amortization	782.495	275.228	587.212	306.496	1.021.560	519.510	49.181	3.541.682
Capital expenditures	1.098.924	262.477	1.127.368	329.950	3.829.814	294.800	74.475	7.017.808

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 5 - CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents at 31 December 2022 and 2021 are as follows:

	31 December 2022			31 December 2021		
	Financial	**Non-financial**	**Total**	**Financial**	**Non-financial**	**Total**
Cash	11.751.683	132.699	11.884.382	10.094.281	35.178	10.129.459
Banking						
Bank - time deposit	13.141.634	9.201.368	22.343.002	5.067.662	1.085.273	6.152.935
Bank - demand deposit	25.232.372	1.270.090	26.502.462	48.402.039	986.570	49.388.609
Receivables from repo transactions	1.462.376	-	1.462.376	2.848.611	-	2.848.611
Other cash and cash equivalents	-	2.685.975	2.685.975	-	898.269	898.269
Total	**51.588.065**	**13.290.132**	**64.878.197**	**66.412.593**	**3.005.290**	**69.417.883**

Effective interest rates of USD, EUR and TRY denominated time deposits are 1,86% (31 December 2021: 0,24%), 1,87% (31 December 2021: 0,07%) and 22,75% (31 December 2021: 19,78%), respectively.

The maturity analysis as of 31 December 2022 and 2021 are as follows:

	31 December 2022	**31 December 2021**
Demand deposit	39.503.013	60.384.397
Up to 3 months	25.375.184	9.033.486
Total	**64.878.197**	**69.417.883**

As of 31 December 2022, total amount of the restriction on the Group's off- shore cash and cash equivalents, payment accounts related to floating interest rate bond issue, time and demand deposits in the banks is TRY10.805.063 (31 December 2021: TRY17.642.259).

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 6 - FINANCIAL INVESTMENTS

a) Financial assets at fair value through profit and loss

The detail of financial assets at fair value through profit and loss is as follows:

	31 December 2022	31 December 2021
Share certificates	6.591.527	1.073.896
Government bonds	621.152	452.316
Eurobonds	646.403	408.228
Other (*)	5.920.675	9.353.561
Total	**13.779.757**	**11.288.001**

(*) In the previous period, Syndicated loans extended to Ojer Telekomünikasyon A.Ş. ("OTAS") were restructured. Within this scope, a pledge was established in favor of lenders in order to establish collateral for these loans. LYY Telekomünikasyon A.Ş., which was established as a special-purpose company in which 192.500.000.000 Group A shares, which constitute 55% of Türk Telekom's issued capital, are all direct or indirect partners. The acquisition of the company (formerly Levent Yapılandırma Yönetimi A.Ş.) was completed on 21 December 2018. The Bank has participated in LYY Telekomünikasyon A.Ş. with a 35.56% share in the receivables from OTAŞ.

Later, at the Ordinary General Assembly Meeting of LYY Telekomünikasyon A.Ş. which was held on 23 September 2019, it was decided to convert some of the loan into capital and add it to the capital of LYY Telekomünikasyon A.Ş. The nominal value of their shares in TRY increased from 18 TRY to 1.416.090 TRY.

As of 10 March 2022, LYY Telekomünikasyon A.Ş signed a share transfer agreement with the Turkey Wealth Fund regarding the sale of all its shares within Türk Telekomünikasyon A.Ş. In this context, Türk Telekomünikasyon A.Ş. the sale and transfer of 192.500.000.000 Group A registered shares, corresponding to 55% of its capital, to the Turkish Wealth Fund for a price of 1.650.000.000 USD, was realized on 31 March 2022. In addition, pursuant to the Agreement, the amount corresponding to the 55% share to which LYY transferred from the dividend amount decided to be distributed by the General Assembly based on the independently audited 2021 consolidated financial statements of Türk Telekomünikasyon A.Ş. and will be paid to LYY Telekomünikasyon A.Ş

LYY used the remaining amount from the sales amount, excluding the part required for its liabilities, to pay off its debts to the banks. Receivables amounting to 12.626.511 TRY, which was accounted for under "Other Financial Assets" under "Financial Assets at Fair Value Through Profit and Loss" after collection and fully provisioned, was classified as nonperforming loans as of 30 June 2022, since there is no reasonable expectation for its recovery, it has been deducted from the records together with the amount of special provisions set aside within the scope of TFRS 9. The Bank's participation rate increased to 40,46% with the restructuring on 17 August 2022 and no price has been paid by the bank.

At the General Assembly Meeting of LYY Telekomünikasyon A.Ş. dated 27 December 2022, the liquidation decision was taken and the liquidation of the company was registered by the Istanbul Trade Registry Directorate on 28.12.2022. In this context, the amount of the partnership share, which was provided for in previous years and followed under the item "Non-current assets and disposal groups classified as held for sale", is deducted from the records together with its provision.

TRY 2.041.238 (31 December 2021: TRY 1.313.971) of other financial assets consist Fourth Real Estate Investment Fund of Ak Portföy Yönetimi A.Ş. established by Ak Portföy Yönetimi A.Ş. and the fund is followed at its fair value and the related valuation differences are recognized in profit or loss

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 6 - FINANCIAL INVESTMENTS (Continued)

a) Financial assets at fair value through profit and loss (Continued)

The Group has made a foreign currency protected deposit amounting to equivalent of TRY 1.191.355. It is accounted for "Other" under "Financial Assets at fair value through profit and loss".

Effective interest rates of TRY are as follow:

	31 December 2022	31 December 2021
TRY	14,07%	18,76%

The Group does not have any financial assets measured at fair value through profit or loss given as collateral due to its activities in the finance sector (31 December 2021:None).

The maturity analysis of financial assets at fair value through profit and loss as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
0 to 3 months	11.007.791	3.147.885
3 to 12 months	2.315.737	7.605.866
1 to 5 years	192.321	407.404
Over 5 years	263.908	126.846
Total	**13.779.757**	**11.288.001**

Period remaining to contractual repricing dates:

	31 December 2022	31 December 2021
On demand	11.007.791	3.147.885
Up to 3 months	1.071.960	128.723
3 to 12 months	1.406.010	7.556.599
1 to 5 years	129.900	327.948
Over 5 years	164.096	126.846
Total	**13.779.757**	**11.288.001**

b) Financial assets measured at fair value through other comprehensive income

	31 December 2022	31 December 2021
Debt securities		
- Government bonds	83.013.024	35.137.849
- Eurobonds	63.267.732	45.555.941
- Investment funds	1.448.692	822.416
- Other bonds denominated in foreign currency	28.129.690	21.351.614
Sub-total	**175.859.138**	**102.867.820**
Equity securities		
- Listed	93.756	27.648
- Unlisted	118.611	36.103
Sub-total	**212.367**	**63.751**
Financial assets at fair value through other comprehensive income	**176.071.505**	**102.931.571**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 6 - FINANCIAL INVESTMENTS (Continued)

b) Financial assets at fair value through other comprehensive income (Continued)

Effective interest rates of USD, EUR, JPY and TRY denominated debt securities are 5,75% (31 December 2021: 5,32%), 2,86% (31 December 2021: 2,88%), 3,09% (31 December 2021: 3,09%) and 29,35% (31 December 2021: 18,35%), respectively.

The Group's financial assets measured through other comprehensive income subject to funds provided from repo are TRY42.299.686 (31 December 2021: TRY40.231.789). Financial assets through other comprehensive income that are given as collateral because of the Group's financing activities are amounting to TRY60.619.771 (31 December 2021: TRY29.582.153).

There are bonds index-linked to consumer prices ("CPI") in the securities portfolio of Akbank for which the fair value difference is reflected to other comprehensive income and which are measured by amortized cost. These securities are valued and recognised using the effective interest method and are based on the index calculated using real coupon rates, the reference inflation index on the date of issuance and estimated inflation rates. Reference indexes used to calculate the actual coupon payment amounts of the securities are created based on CPIs from two months prior. The bank sets the estimated inflation rate in line with the reference indexes. The estimated inflation rate used is updated during the year when necessary.

The maturity analysis in accordance with expiring date as at 31 December 2022 and 2021 is as follows.

	31 December 2022			31 December 2021		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Up to 3 months	1.492.436	-	1.492.436	4.901.224	-	4.901.224
3 to 12 months	23.223.344	623.175	23.846.519	8.356.943	285.086	8.642.029
1 to 5 years	102.802.682	891.505	103.694.187	63.275.695	644.322	63.920.017
Over 5 years	42.807.509	582.264	43.389.773	22.975.320	182.657	23.157.977
On demand	1.501.802	2.146.788	3.648.590	820.369	1.489.955	2.310.324
Total	**171.827.773**	**4.243.732**	**176.071.505**	**100.329.551**	**2.602.020**	**102.931.571**

As of 31 December 2022, and 2021, according to the remaining period until the re-pricing date determined by the contract:

	31 December 2022			31 December 2021		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Up to 3 months	34.474.627	106.461	34.581.088	20.772.704	-	20.772.704
3 to 12 months	38.938.246	623.175	39.561.421	17.998.624	285.086	18.283.710
1 to 5 years	71.594.574	891.504	72.486.078	40.326.808	644.322	40.971.130
Over 5 years	25.318.524	392.730	25.711.254	20.411.046	182.657	20.593.703
On demand	1.501.802	2.229.862	3.731.664	820.369	1.489.955	2.310.324
Total	**171.827.773**	**4.243.732**	**176.071.505**	**100.329.551**	**2.602.020**	**102.931.571**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 6 - FINANCIAL INVESTMENTS (Continued)

c) Financial Assets measured at Amortised Cost:

The details of financial investments measured at their amortized cost are presented below:

	31 December 2022	31 December 2021
Government bonds	86.545.652	42.591.645
Other debt securities	19.536.603	14.938.866
Total	**106.082.255**	**57.530.511**

The breakdown of financial assets measured at amortised cost is listed below:

	31 December 2022	31 December 2021
Opening balance, 1 January	**57.530.511**	**41.873.322**
Additions	15.910.962	20.409.817
Business combination effect	-	2.440.708
Foreign exchange differences in monetary assets	3.327.702	4.555.125
Valuation effect	35.294.189	4.150.640
Disposals through sales and redemptions	(6.056.237)	(15.853.468)
Reversal / (Allowance) for impairment (*)	75.128	(45.633)
Closing balance	**106.082.255**	**57.530.511**

(*) Expected loss provision is included.

Effective interest rate of debt securities in USD and TRY are 6,22% and 76,44% (31 December 2021: Effective interest rate of debt securities in USD and TRY are 5,89% and 20,90%).

For financial investments measured at their amortized cost as of 31 December 2022 and 31 December 2021, the remaining period to the maturity dates stated in the contract based on Banking and other sectors is as follows:

	31 December 2022			31 December 2021		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	13.155.161	7.499.312	20.654.473	8.689.414	3.939.594	12.629.008
1 to 5 years	47.499.344	438.202	47.937.546	19.693.698	989.429	20.683.127
Over 5 years	37.448.455	41.781	37.490.236	24.183.456	34.920	24.218.376
Total	**98.102.960**	**7.979.295**	**106.082.255**	**52.566.568**	**4.963.943**	**57.530.511**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 6 - FINANCIAL INVESTMENTS (Continued)

c) Financial Assets at Amortised Cost (Continued):

Period remaining to contractual repricing dates for investment security, financial assets at amortised cost at 31 December 2022 and 2021 is as follows:

	31 December 2022			31 December 2021		
	Banking	Other Companies	Total	Banking	Other companies	Total
Up to 3 months	41.434.196	391.641	41.825.837	18.959.492	153.172	19.112.664
3 to 12 months	38.665.799	7.106.747	45.772.546	24.752.525	3.786.422	28.538.947
1 to 5 years	14.935.049	439.127	15.374.176	8.685.943	989.429	9.675.372
Over 5 years	3.067.916	41.780	3.109.696	168.608	34.920	203.528
Total	**98.102.960**	**7.979.295**	**106.082.255**	**52.566.568**	**4.963.943**	**57.530.511**

d) Time Deposits:

The details of long-term deposits of three months are presented below:

	31 December 2022	31 December 2021
3 to 12 months	1.732.345	363.620
Total	**1.732.345**	**363.620**

NOTE 7 - FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	31 December 2022	31 December 2021
Short term	25.356.285	26.193.026
Short term portion of long term	37.578.916	27.179.115
Total short term	**62.935.201**	**53.372.141**
Long term funds borrowed, bank borrowings and dept securities:		
Long term	73.982.765	64.396.093
Total	**136.917.966**	**117.768.234**

Maturity analysis as of 31 December 2022 and 31 December 2021 is as follows:

	31 December 2022	31 December 2021
Up to 3 months	16.244.089	12.110.690
3 to 12 months	46.691.112	41.261.451
Short term borrowings and short-term portion of long-term borrowings	**62.935.201**	**53.372.141**
1 to 5 years	54.931.142	43.186.952
Over 5 years	19.051.623	21.209.141
Long term borrowings	**73.982.765**	**64.396.093**
Total financial liabilities	**136.917.966**	**117.768.234**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 7 - FINANCIAL LIABILITIES (Continued)

As of 31 December 2022, and 2021, repayment plans of long-term financial debts are presented below:

	31 December 2022	31 December 2021
1 to 2 years	18.939.293	11.806.626
2 to 3 years	21.231.812	10.308.406
3 to 4 years	12.050.474	13.128.423
4 to 5 years	2.709.563	7.943.497
Over 5 years	19.051.623	21.209.141
Total	**73.982.765**	**64.396.093**

As of 31 December 2022, and 2021, the remaining period until the repricing date of the loans determined by the contract:

	31 December 2022	31 December 2021
Up to 3 months	57.198.324	48.083.130
3 to 12 months	32.602.901	29.940.005
1 to 5 years	29.606.588	20.401.230
Over 5 years	17.510.153	19.343.869
Total	**136.917.966**	**117.768.234**

Financial liability movement as of 31 December 2022 and 2021 is as follows;

	2022	2021
1 January	117.768.234	72.261.198
Additions	30.656.990	48.841.128
Business combinations	291.265	
Interest capitalization during the period	(16.305.228)	(6.401.341)
Interest accruals	1.617.389	623.846
Foreign exchange effects	2.889.316	2.443.403
31 December	**136.917.966**	**117.768.234**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 7 - FINANCIAL LIABILITIES (Continued)

The transactions related with the funds and loans as of 31 December 2022 are as follows:

Issued securities:

Securities issued consist of USD and TRY assets.

The repayment plan for USD securities issued is summarized below.

	31 December 2022		31 December 2021	
	USD	**TRY**	**USD**	**TRY**
2022	-	-	1.374.501	18.320.724
2023	577.594	10.800.026	594.934	7.929.876
2024	602.376	11.263.407	623.172	8.306.260
2025	947.765	17.721.596	768.654	10.245.389
2026	482.900	9.029.409	475.608	6.339.379
2027	64.404	1.204.247	414.115	5.519.739
2028	316.955	5.926.520	292.139	3.893.921
2029	21.302	398.311	19.991	266.460
2030	19.895	372.003	18.680	248.986
2031	292.488	5.469.028	273.669	3.647.734
Total	**3.325.679**	**62.184.547**	**4.855.463**	**64.718.468**

The repayment plan for EUR securities issued is summarized below.

	31 December 2022		31 December 2021	
	EUR	**TRY**	**EUR**	**TRY**
2022	-	-	392	5.914
2023	392	7.814	377	5.691
2024	377	7.515	363	5.478
2025	363	7.236	349	5.268
2026	349	6.957	335	5.054
2027	335	6.679	322	4.858
2028	322	6.419	309	4.662
2029	7.976	159.001	7.667	115.655
Total	**10.114**	**201.621**	**10.114**	**152.580**

In addition, as of 31 December 2022, the Group issued bonds with 1-3 months maturity of TRY 2.663.511, 3-6 months maturity of TRY 715.365, 1-5 years maturity of TRY 1.280.570 and over 5 years maturity of TRY 1.435.744. (31 December 2021: 1-3 months term TRY 2.749.399, 3-6 months term TRY 3.877.629, 6-12 months term TRY 448.064, 1-5 years term TRY 991.778 and over 5 years term TRY 1.385.587).

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 8 - LIABILITIES FROM LEASING TRANSACTIONS

The breakdown of the Group's obligations with respect to the lease transactions in accordance with TFRS 16 is as follows:

Liabilities from short-term lease transactions as of 31 December 2022:

	Up to 3 months	3 to 12 months	Total
TRY	300.935	260.107	561.042
USD	-	59.097	59.097
EUR	10.208	-	10.208
Total	**311.143**	**319.204**	**630.347**

Liabilities from short-term lease transactions as of 31 December 2021:

	Up to 3 months	3 to 12 months	Total
TRY	160.764	194.281	355.045
USD	2.834	15.929	18.763
EUR	5.952	166	6.118
Other	508	2.173	2.681
Total	**170.058**	**212.549**	**382.607**

Liabilities from long-term lease transactions as of 31 December 2022:

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
TRY	259.225	326.898	472.998	534.853	716.215	2.310.189
USD	74.673	156.293	24.235	25.780	271.808	552.789
EUR	2.803	3.096	3.411	3.739	21.879	34.928
Total	**336.701**	**486.287**	**500.644**	**564.372**	**1.009.902**	**2.897.906**

Liabilities from long-term lease transactions as of 31 December 2021:

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
TRY	190.932	171.241	320.506	402.986	458.642	1.544.307
USD	16.263	56.988	18.206	16.609	155.196	263.262
EUR	2.007	2.207	2.423	2.564	22.506	31.707
Other	5.025	216	-	-	-	5.241
Total	**214.227**	**230.652**	**341.135**	**422.159**	**636.344**	**1.844.517**

The movement table of liabilities arising from leasing transactions is as follows:

	2022	2021
1 January	2.227.124	1.934.206
Additions	1.564.835	534.125
Business combination effect	6.979	48.925
Payment	(1.059.073)	(838.749)
Interest accruals	500.409	401.116
Foreign exchange effects	287.979	147.501
31 December	**3.528.253**	**2.227.124**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short and long-term trade receivables:

	31 December 2022	31 December 2021
Trade receivables from related parties (Note 36)	314.353	203.792
Trade receivables from non-related parties	5.902.261	3.925.569
Notes and cheques	482.437	208.982
	6.699.051	**4.338.343**
Less: expected credit losses	(91.023)	(77.376)
Total	**6.608.028**	**4.260.967**

As of 31 December 2022 and 2021, the maturity analysis of the overdue and expected credit loss reserves within the trade receivables balance is as follows:

	31 December 2022	31 December 2021
Up to 3 months	2.147	-
3 to 6 months	2.922	-
6 to 9 months	4.208	-
Over 9 months	81.746	77.376
Total	**91.023**	**77.376**

Short and long-term trade payables:	**31 December 2022**	**31 December 2021**
Trade payables from related parties (Note 36)	515.832	109.484
Trade payables from non-related parties	14.935.495	8.627.336
Expense accruals	35.505	2.863
Total	**15.486.832**	**8.739.683**

NOTE 10 – OTHER RECEIVABLES AND PAYABLES

Other short - term receivables:	**31 December 2022**	**31 December 2021**
Receivables form credit card payments	145.100	67.693
Other receivables (*)	7.557.034	3.685.595
Total	**7.702.134**	**3.753.288**

Other long - term receivables:	**31 December 2022**	**31 December 2021**
Receivables form credit card payments	117.718	82.920
Other receivables (*)	1.475.764	420.310
Total	**1.593.482**	**503.230**

(*) Other receivables mainly consist of the collaterals obtained by Akbank for derivative transactions.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 10 – OTHER RECEIVABLES AND PAYABLES (Continued)

Other short - term payables:	**31 December 2022**	**31 December 2021**
Payables related to credit card transactions	12.138.508	7.029.573
Taxes and funds payable	1.620.655	1.177.928
Export deposits and transfer orders	177.388	96.455
Payment orders to correspondent banks	299.353	72.763
Other (*)	20.805.644	8.615.648
Total	**35.041.548**	**16.992.367**

Other long - term payables:	**31 December 2022**	**31 December 2021**
Other (*)	16.075.205	7.145.569
Total	**16.075.205**	**7.145.569**

(*) Other payables mainly consist of the collaterals obtained by Akbank for derivative transactions.

NOTE 11 - INVENTORIES

	31 December 2022	**31 December 2021**
Raw materials	3.213.563	1.985.611
Work in process	667.724	599.092
Finished goods and merchandises	9.030.323	4.333.817
Spare parts	263.413	177.259
Goods in transit	314.004	388.075
Other	143.513	148.071
	13.632.540	**7.631.925**
Allowance for impairment on inventory (-)	(182.401)	(110.928)
Total	**13.450.139**	**7.520.997**

The movement table of allowance for impairment on inventory is as follows:

	2022	**2021**
1 January	(110.928)	(76.828)
Provisions	(51.808)	(47.269)
Provisions no longer required	10.600	13.258
Currency translation differences	(30.265)	(89)
31 December	**(182.401)**	**(110.928)**

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NOTE 12 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses:	**31 December 2022**	**31 December 2021**
Prepaid expenses	15.694.821	2.265.963
Advance given for inventory purchases	217.029	79.675
Other	20.260	7.731
Total	**15.932.110**	**2.353.369**

Long-term prepaid expenses:	**31 December 2022**	**31 December 2021**
Advance given for property, plant and equipment purchases	347.633	14.337
Prepaid expenses	62.898	31.607
Other	53.385	108
Total	**463.916**	**46.052**

Short term deferred income:	**31 December 2022**	**31 December 2021**
Unearned commission income	278.938	89.411
Advances received	117.342	90.222
Deferred income	112.426	67.028
Other	3.065	1.781
Total	**511.771**	**248.442**

Long-term deferred income:	**31 December 2022**	**31 December 2021**
Unearned commission income	478.030	221.404
Deferred income	26.991	-
Total	**505.021**	**221.404**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	31 December 2022	Share (%)	31 December 2021	Share (%)
Brisa	1.416.764	43,63	1.007.457	43,63
Akçansa	995.742	39,72	471.118	39,72
Enerjisa Üretim Santralleri	6.270.016	50,00	3.282.124	50,00
Enerjisa Enerji	8.628.898	40,00	3.740.409	40,00
Temsa Ulaşım Araçları	300.428	50,00	262.461	50,00
Total	**17.611.848**		**8.763.569**	

Share of income from Associates and Joint Ventures included in Holding's consolidated net income is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Brisa	864.029	438.296
Akçansa	596.838	120.468
Enerjisa Üretim Santralleri	4.345.711	860.394
Enerjisa Enerji	5.799.237	912.947
Temsa Ulaşım Araçları	73.899	15.746
Aksigorta (*)	-	54.669
Agesa (*)	-	103.097
Philsa	-	193.355
Philip Morrissa	-	87.542
Total	**11.679.714**	**2.786.514**

(*) 2021 income amounts are consist of Agesa and Aksigorta gains until the date of the Group started to consolidate these entities which is 1 July 2021.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

The summary financial information of Associates and Joint Ventures is as follows:

	31 December 2022		31 December 2021	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
Brisa	16.149.815	12.902.591	10.796.966	8.487.874
Akçansa	6.945.595	4.425.774	3.186.569	1.987.554
Enerjisa Üretim Santralleri	30.944.176	18.404.142	18.541.284	11.977.035
Enerjisa Enerji	59.188.597	37.616.351	31.333.641	21.982.619
Temsa Ulaşım Araçları	4.141.618	3.141.582	2.876.959	2.146.995
Total	**117.369.801**	**76.490.440**	**66.735.419**	**46.582.077**

Sales

	1 January - 31 December 2022	1 January - 31 December 2021
Brisa	14.080.500	6.634.262
Akçansa	8.898.660	2.871.404
Enerjisa Üretim Santralleri	56.066.647	16.438.986
Enerjisa Enerji	84.449.031	30.547.681
Temsa Ulaşım Araçları	4.408.739	1.718.531
Aksigorta (*)	-	3.000.041
Agesa (*)	-	860.591
Philsa	-	37.816.210
Philip Morrissa	-	37.608.931

(*) Sales amounts consist of Agesa and Aksigorta net sales amounts for the first six months period ended until to the Group started to consolidate these entities.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Net profit/(loss)

	1 January - 31 December 2022	**1 January - 31 December 2021**
Brisa	1.991.198	1.004.575
Akçansa	1.520.573	303.293
Enerjisa Üretim Santralleri	8.691.423	1.720.789
Enerjisa Enerji	14.498.093	2.282.368
Temsa Ulaşım Araçları	73.897	31.492
Aksigorta (*)	-	151.858
Agesa (*)	-	257.741
Philsa	-	773.420
Philip Morrissa	-	353.704

(*) Net profit amounts consist of Agesa and Aksigorta net income amounts for the first six months period ended until to the Group started to consolidate these entities.

The movement of the joint ventures is as follows:

	2022	**2021**
Opening balance, 1 January	**8.763.569**	**8.298.372**
Profit/(loss) share	11.679.714	2.786.514
Business combination effect	-	(741.438)
Capital increase	-	150.000
Classification to asset held-for-sale	-	(277.887)
Dividend income from joint ventures	(2.554.945)	(1.322.325)
Other comprehensive income/(expense)	(276.490)	(129.667)
Closing balance - 31 December	**17.611.848**	**8.763.569**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 14 - INVESTMENT PROPERTY

	1 January 2022	Additions	Currency translation differences	Transfers	31 December 2022
Cost:					
Land	372.807	-	125.571	(18.865)	479.513
Buildings	14.206	-	-	-	14.206
Total	**387.013**	**-**	**125.571**	**(18.865)**	**493.719**
Accumulated depreciation:					
Buildings	(3.142)	(1.435)	-	-	(4.577)
Net book value	**383.871**				**489.142**

	1 January 2021	Additions	Currency translation differences	Transfers	31 December 2021
Cost:					
Land	228.113	-	144.694	-	372.807
Buildings	8.656	5.550	-	-	14.206
Total	**236.769**	**5.550**	**144.694**	**-**	**387.013**
Accumulated depreciation:					
Buildings	(1.707)	(1.435)	-	-	(3.142)
Net book value	**235.062**				**383.871**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2022 is as follows:

	1 January 2022	Currency translation differences	Additions	Disposals	Transfers (*)	Business combinations and subsidiary purchase effect (**)	Fixed assets held for sale	Impairment	31 December 2022
Cost:									
Land and land improvements	609.974	123.924	19.511	(22.178)	24.120	-	-	-	755.351
Buildings	4.505.287	830.934	90.694	(69.801)	(33.797)	-	-	-	5.323.317
Machinery and equipment	9.497.996	3.114.678	353.889	(38.691)	1.469.024	56.917	-	2.599	14.456.412
Motor vehicles	93.937	8.490	15.490	(5.415)	2.509	562	13.213	-	128.786
Furnitures and fixtures	4.561.495	115.132	3.050.631	(155.141)	(986.323)	6.049	-	6.493	6.598.336
Total	**19.268.689**	**4.193.158**	**3.530.215**	**(291.226)**	**475.533**	**63.528**	**13.213**	**9.092**	**27.262.202**
Construction in progress	386.855	182.074	1.251.770	(20.408)	(553.670)	590	-	-	1.247.211
Total	**19.655.544**	**4.375.232**	**4.781.985**	**(311.634)**	**(78.137)**	**64.118**	**13.213**	**9.092**	**28.509.413**
Accumulated depreciation:									
Land and land improvements	(253.437)	(16.519)	(10.406)	3	-	-	-	-	(280.359)
Buildings	(1.427.526)	(288.866)	(130.010)	4.782	63.745	-	-	-	(1.777.875)
Machinery and equipment	(4.697.298)	(1.643.685)	(570.423)	32.150	(632.299)	-	-	-	(7.511.555)
Motor vehicles	(88.585)	(2.415)	(6.719)	3.854	-	-	(12.028)	-	(105.893)
Furnitures and fixtures	(2.618.826)	(80.761)	(817.501)	128.452	555.990	-	-	(5.740)	(2.838.386)
Total	**(9.085.672)**	**(2.032.246)**	**(1.535.059)**	**169.241**	**(12.564)**	**-**	**(12.028)**	**(5.740)**	**(12.514.068)**
Net Book Value	**10.569.872**								**15.995.345**

(*) Amounted to TRY 74.674 transfers from capital expenditures spent during the period are transferred to intangible assets.
(**) Properties, plant and equipments belong to Sem and Radiflow which were purchased by DxBV, Microtex were purchased by Kordsa and Cutlass were purchased İklim Tenolojileri.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for the year ended 31 December 2021 is as follows:

	1 December 2021	Currency translation differences	Additions	Disposals	Transfers (*)	Business combinations and subsidiary purchase effect (**)	Transfers to assets held for sale (***)	Impairment	31 December 2021
Cost:									
Land and land improvements	504.541	106.938	2.684	(97.447)	4.272	114.745	(25.759)	-	609.974
Buildings	3.808.279	799.800	43.775	(225.453)	34.878	96.948	(52.940)	-	4.505.287
Machinery and equipment	6.415.087	2.824.297	266.683	(368.060)	254.864	475.330	(367.811)	(2.394)	9.497.996
Motor vehicles	92.543	9.164	6.270	(5.560)	1.187	3.692	(13.359)	-	93.937
Furniture and fixtures	4.064.338	111.875	503.790	(218.333)	18.528	86.177	(5.468)	588	4.561.495
Total	**14.884.788**	**3.852.074**	**823.202**	**(914.853)**	**313.729**	**776.892**	**(465.337)**	**(1.806)**	**19.268.689**
Construction in progress	242.522	59.995	478.256	(17.945)	(379.824)	4.100	(249)	-	386.855
Total	**15.127.310**	**3.912.069**	**1.301.458**	**(932.798)**	**(66.095)**	**780.992**	**(465.586)**	**(1.806)**	**19.655.544**
Accumulated depreciation:									
Land and land improvements	(243.402)	(9.714)	(10.540)	-	-	-	10.219	-	(253.437)
Buildings	(1.174.766)	(231.088)	(96.468)	45.991	-	-	28.805	-	(1.427.526)
Machinery and equipment	(3.352.999)	(1.416.596)	(455.935)	296.803	(77)	-	230.982	524	(4.697.298)
Motor vehicles	(92.543)	(1.822)	(9.117)	2.932	-	-	11.965	-	(88.585)
Furniture and fixtures	(2.303.979)	(78.426)	(429.159)	188.859	77	-	3.767	35	(2.618.826)
Total	**(7.167.689)**	**(1.737.646)**	**(1.001.219)**	**534.585**	**-**	**-**	**285.738**	**559**	**(9.085.672)**
Net book value	**7.959.621**								**10.569.872**

(*) Amounted to TRY 66.095 transfers from capital expenditures spent during the period are transferred to intangible assets.

(**) As of 1 July 2021, Aksigorta and Agesa started to be consolidate in the consolidated financial statements. Cimsa Cementos Espana S.A.U, a 100% subsidiary of CSC BV, acquired Buñol White Cement Factory on 9 July 2021.

(***) Property, plant and equipments at Çimsa's Niğde Integrated Cement Factory, Kayseri Integrated Cement Factory, Ankara Cement Grinding Facility and Başakpınar, Ambar, Nevşehir, Cırgalan, Aksaray, Ereğli and Kahramanmaraş Ready Mixed Concrete Facilities classified as asset held for sales.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 16 - INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2022 and 2021 are as follows:

	1 January 2022	Currency Translation Differences	Additions	Disposal	Business Combinations	Transfers	31 December 2022
Cost							
Rights	859.175	133.752	579.971	(567.949)	9.590	(473.673)	540.866
Customer contracts	482.352	581.610	-	-	298.084	1.035.790	2.397.836
Licenses and softwares	43.724	99.084	12.937	(19.118)	32.484	221.163	390.274
Development investments	50.238	46.328	58.484	-	-	96.268	251.318
Mineral rights	23.175	7.447	-	-	-	-	30.622
Trademark	803.435	-	-	-	-	-	803.435
Bancassurance channel	918.714	-	-	-	-	-	918.714
Contractual rights	1.451.335	-	-	-	-	-	1.451.335
Agency channel	354.553	-	-	-	-	-	354.553
Other intangible assets	5.112.068	259.168	2.086.959	(1.360)	286.139	(804.874)	6.938.100
Total	**10.098.769**	**1.127.389**	**2.738.351**	**(588.427)**	**626.297**	**74.674**	**14.077.053**
Accumulated depreciation							
Rights	(302.909)	(41.123)	(8.935)	1.318	-	204.441	(147.208)
Customer contracts	(15.418)	(73.464)	(102.237)	-	-	(130.550)	(321.669)
Licenses and software	(4.167)	(57.408)	(30.298)	19.118	-	(132.293)	(205.048)
Development investments	(3.171)	(21.982)	(27.897)	-	-	(44.825)	(97.875)
Mineral rights	(1.560)	(1.037)	(3.588)	-	-	-	(6.185)
Bancassurance channel	(30.531)	-	(61.146)	-	-	-	(91.677)
Contractual rights	(97.291)	-	(194.848)	-	-	-	(292.139)
Agency channel	(13.000)	-	(26.036)	-	-	-	(39.036)
Other intangible assets	(1.673.078)	(49.193)	(784.937)	3.774	-	113.091	(2.390.343)
Total	**(2.141.125)**	**(244.207)**	**(1.239.922)**	**24.210**	**-**	**9.864**	**(3.591.180)**
Net book value	**7.957.644**						**10.485.873**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 16 – INTANGIBLE ASSETS (Continued)

	1 January 2021	Currency Translation Differences	Additions	Impairment	Disposal	Business Combinations	Transfers	31 December 2021
Cost								
Rights	467.772	161.013	85.494	(1.262)	(35.643)	178.446	3.355	859.175
Customer contracts	-	150.978	-	-	-	331.374	-	482.352
Licenses and softwares	17.221	2.920	840	-	-	-	22.743	43.724
Development investments	8.696	-	27.472	-	-	16.403	(2.333)	50.238
Mineral rights	-	7.254	-	-	-	15.921	-	23.175
Trademark	-	-	-	-	-	803.435	-	803.435
Bancassurance channel	-	-	-	-	-	918.714	-	918.714
Contractual rights	-	-	-	-	-	1.451.335	-	1.451.335
Agency channel	-	-	-	-	-	354.553	-	354.553
Other intangible assets	3.139.233	364.632	1.104.957	(12)	(22.449)	483.377	42.330	5.112.068
Total	**3.632.922**	**686.797**	**1.218.763**	**(1.274)**	**(58.092)**	**4.553.558**	**66.095**	**10.098.769**
Accumulated depreciation								
Rights	(234.042)	(64.881)	(39.518)	1.167	34.365	-	-	(302.909)
Customer contracts	-	(3.825)	(11.593)	-	-	-	-	(15.418)
Licenses and software	(1.755)	(2.148)	(264)	-	-	-	-	(4.167)
Development investments	(1.245)	-	(1.926)	-	-	-	-	(3.171)
Mineral rights	-	(387)	(1.173)	-	-	-	-	(1.560)
Bancassurance channel	-	-	(30.531)	-	-	-	-	(30.531)
Contractual rights	-	-	(97.291)	-	-	-	-	(97.291)
Agency channel	-	-	(13.000)	-	-	-	-	(13.000)
Other intangible assets	(1.120.600)	(121.817)	(443.133)	9	12.463	-	-	(1.673.078)
Total	**(1.357.642)**	**(193.058)**	**(638.429)**	**1.176**	**46.828**	**-**	**-**	**(2.141.125)**
Net book value	**2.275.280**							**7.957.644**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 17 - RIGHT OF USE ASSETS

The movements in right of use assets for the years ended 31 December 2022 is as follows:

	1 January 2022	Additions	Disposals	Currency translation differences	31 December 2022
Cost					
Real estates	2.742.721	1.475.666	(162.858)	444.358	4.499.887
Fixtures	462	-	-	(116)	346
Motor vehicles	76.868	126.533	(26.209)	44.259	221.451
Other	212.636	13.302	-	(146.957)	78.981
Total	**3.032.687**	**1.615.501**	**(189.067)**	**341.544**	**4.800.665**
Accumulated Depreciation					
Real estates	(953.399)	(631.030)	112.599	(65.121)	(1.536.951)
Fixtures	(157)	(156)	-	(282)	(595)
Motor vehicles	(47.233)	(54.673)	16.269	(14.337)	(99.974)
Other	(51.574)	(12.536)	-	33.163	(30.947)
Total	**(1.052.363)**	**(698.395)**	**128.868**	**(46.577)**	**(1.668.467)**
Net book value	**1.980.324**	**917.106**	**(60.199)**	**294.967**	**3.132.198**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 17 - RIGHT OF USE ASSET (Continued)

The movements in right of use assets for the years ended 31 December 2021 is as follows:

	1 January 2021	Additions	Disposals	Business Combinations	Currency translation differences	31 December 2021
Cost						
Real estates	2.317.656	555.203	(239.124)	27.113	81.873	2.742.721
Fixtures	252	-	-	210	-	462
Motor vehicles	68.441	14.086	(4.022)	8.733	(10.370)	76.868
Other	19.470	68.460	(1.964)	-	126.670	212.636
Total	**2.405.819**	**637.749**	**(245.110)**	**36.056**	**198.173**	**3.032.687**
Accumulated Depreciation						
Real estates	(630.543)	(440.273)	132.608	-	(15.191)	(953.399)
Fixtures	(112)	(45)	-	-	-	(157)
Motor vehicles	(36.338)	(20.313)	4.310	-	5.108	(47.233)
Other	(7.249)	(22.615)	2.011	-	(23.721)	(51.574)
Total	**(674.242)**	**(483.246)**	**138.929**	**-**	**(33.804)**	**(1.052.363)**
Net book value	**1.731.577**	**154.503**	**(106.181)**	**36.056**	**164.369**	**1.980.324**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 18 - GOODWILL

The movements in goodwill for the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
1 January	2.522.764	1.600.690
Additions	-	58.684
Bussines combination (Note 3)	1.164.518	120.535
Currency translation differences	773.246	742.855
31 December	**4.460.528**	**2.522.764**

NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short - term provisions	**31 December 2022**	**31 December 2021**
Insurance technical provisions	14.539.144	9.328.281
Provision for liabilities	773.937	816.672
Credit bonus provision	*207.918*	*87.120*
Provisions for litigation	*108.936*	*88.517*
Uncompensated and not encashed non-cash loans	*457.083*	*641.035*
Other short-term provisions	-	-
Other debt provisions	212.080	238.370
Total	**15.525.161**	**10.383.323**

Other long - term provisions	**31 December 2022**	**31 December 2021**
Insurance technical provisions	8.373.738	4.766.880
Provision for liabilities	1.664.749	562.474
Provisions for litigation	*250.535*	*161.020*
Other long-term provisions	*1.414.214*	*401.454*
Total	**10.038.487**	**5.329.354**

Commitments - other companies	**31 December 2022**	**31 December 2021**
Letters of guarantee given	2.983.073	1.439.769
Other guarantees given	1.969.927	1.856.238
Total	**4.953.000**	**3.296.007**

Commitments - banking segment	**31 December 2022**	**31 December 2021**
Letters of guarantee given	94.586.133	56.987.517
Letters of credit	20.920.385	14.929.427
Foreign currency acceptance	195.108	159.525
Other guarantees given	20.890.444	13.479.998
Total	**136.592.070**	**85.556.467**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Commitments for resale and repurchase of debt securities:

Commitments for the resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Repurchase commitments	56.164.084	62.277.199

Transactions for held for trading:

	31 December 2022	31 December 2021
Foreign currency purchases	46.225.085	17.229.702
Foreign currency sales	44.329.722	18.190.714
Total	**90.554.807**	**35.420.416**

	31 December 2022	31 December 2021
Currency swap purchases	257.579.387	210.418.016
Currency swap sales	286.523.119	224.443.589
Interest swap purchases	131.914.963	133.544.605
Interest swap sales	131.914.963	133.544.605
Total	**807.932.432**	**701.950.815**

	31 December 2022	31 December 2021
Spot purchases	3.932.154	10.674.780
Spot sales	3.708.736	10.697.859
Total	**7.640.890**	**21.372.639**

	31 December 2022	31 December 2021
Currency, interest and securities options purchases	35.300.285	26.311.953
Currency, interest and securities options sales	35.256.813	27.980.081
Total	**70.557.098**	**54.292.034**

	31 December 2022	31 December 2021
Other purchase transactions	57.976.127	40.968.571
Other sales transactions	21.533.139	14.431.941
Total	**79.509.266**	**55.400.512**

	31 December 2022	31 December 2021
Future purchase transactions	17.686.319	8.206.775
Future sales transactions	17.324.274	8.114.789
Total	**35.010.593**	**16.321.564**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Types of derivative transactions held for hedges:

	31 December 2022	31 December 2021
Interest swap purchases	77.641.216	65.310.465
Interest swap sales	77.641.216	65.310.465
Total	**155.282.432**	**130.620.930**

	31 December 2022	31 December 2021
Money swap purchases	23.865.936	21.781.486
Money swap sales	7.902.654	8.752.970
Total	**31.768.590**	**30.534.456**

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2022 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	47.494.664	47.091.469	94.586.133
Letters of credits	16.986.591	3.933.795	20.920.386
Acceptance credits	195.108	-	195.108
Other guarantees	9.957.023	10.933.420	20.890.443
Total	**74.633.386**	**61.958.684**	**136.592.070**

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2021 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	28.440.110	28.547.407	56.987.517
Letters of credits	12.630.838	2.298.589	14.929.427
Acceptance credits	159.525	-	159.525
Other guarantees	5.827.888	7.652.110	13.479.998
Total	**47.058.361**	**38.498.106**	**85.556.467**

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NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2022 and 2021 are as follows:

	31 December 2022	**31 December 2022**
Construction	26.694.688	15.867.126
Wholesale	23.907.994	15.066.387
Other manufacturing	16.165.076	9.901.798
Financial institutions	14.679.746	8.124.805
Small-scale retailers	10.528.248	5.875.656
Steel and mining	8.285.025	5.187.378
Textile	4.761.548	3.971.143
Transportation	4.473.776	2.806.224
Electricity, gas and water	4.439.428	3.187.106
Food and beverage	3.516.814	1.674.154
Automotive	2.659.686	1.934.944
Chemicals	2.242.967	3.960.757
Agriculture and forestry	2.141.067	639.844
Tourism	1.486.055	878.035
Telecommunications	765.402	625.893
Electronics	446.959	463.228
Other	9.397.591	5.391.989
Total	**136.592.070**	**85.556.467**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 20 – COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2022 is as follows:

	31 December 2022				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	3.619.884	2.314.990	44.257	14.956	179.219
B, Collaterals given on behalf of fully consolidated companies	6.018.845	2.029.201	151.865	52.008	113.255
C, Collaterals given on behalf of the third parties'debt for continuation of their economic activities	136.600.239	66.037.084	1.843.771	1.642.365	3.347.396
D,Total amount of other Collaterals					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Colleterals	**146.238.968**	**70.381.275**	**2.039.893**	**1.709.329**	**3.639.870**
A, Total amount of the mortgages given for its own legal entity	-	-	-	-	-
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D,Total amount of other Mortgages	-	-	-	-	-
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties	-	-	-	-	-
which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A, Total amount of the pledges given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B ar	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 20 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Joint Ventures at 31 December 2022 is as follows

	31 December 2022				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	1.126.190	315.108	39.002	4.104	-
B, Collaterals given on behalf of fully consolidated companies	2.333.183	1.859.213	24.904	416	-
C, Collaterals given on behalf of the third parties'debt for continuation of their economic activities	-	-	-	-	-
D,Total amount of other Collaterals					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Colleterals	**3.459.373**	**2.174.321**	**63.906**	**4.520**	-
A, Total amount of the mortgages given for its own legal entity	-	-	-	-	-
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D,Total amount of other Mortgages					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A, Total amount of the pledges given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 20 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2021 is as follows:

	31 December 2021				
	Total TL Equivalent	**TL**	**USD**	**EUR**	**Other**
A, Total amount of the Collaterals					
given for its own legal entity	2.417.476	1.263.747	60.627	22.836	-
B, Collaterals given on behalf of fully					
consolidated companies	4.231.028	838.684	164.533	79.159	5.036
C, Collaterals given on behalf of the third					
parties'debt for continuation					
of their economic activities	85.560.208	31.928.141	2.215.302	1.472.671	1.886.563
D,Total amount of other Collaterals					
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies	-	-	-	-	-
which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties	-	-	-	-	-
which are not in scope of C					
Total Colleterals	**92.208.712**	**34.030.572**	**2.440.462**	**1.574.666**	**1.891.599**
A, Total amount of the mortgages	-	-	-	-	-
given for its own legal entity					
B, Mortgages given on behalf of fully	-	-	-	-	-
consolidated companies					
C, Mortgages given on behalf of third					
parties'debt for continuation	-	-	-	-	-
of their economic activities					
D,Total amount of other Mortgages	-	-	-	-	-
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies	-	-	-	-	-
which are not in the scope of B and C					
iii, Given on behalf of third parties	-	-	-	-	-
which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A, Total amount of the pledges					
given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully					
consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third					
parties'debt for continuation					
of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group					
companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties					
which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 20 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2021 is as follows

	31 December 2021				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	715.907	283.296	27.359	4.504	-
B, Collaterals given on behalf of fully consolidated companies	1.266.337	1.123.324	10.535	172	-
C, Collaterals given on behalf of the third parties'debt for continuation of their economic activities	5.982	5.982	-	-	-
D,Total amount of other Collaterals					
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies	-	-	-	-	-
which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties	-	-	-	-	-
which are not in scope of C					
Total Colleterals	**1.988.226**	**1.412.602**	**37.894**	**4.676**	**-**
A, Total amount of the mortgages given for its own legal entity	-	-	-	-	-
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D,Total amount of other Mortgages					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	**-**	**-**	**-**	**-**	**-**
A, Total amount of the pledges given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	**-**	**-**	**-**	**-**	**-**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 21 - EMPLOYEE BENEFITS

Payables related to employee benefits:

	31 December 2022	31 December 2021
Due to personnel	117.055	82.480
Social security premiums payable	143.636	51.426
Other payables	1.094	-
Total	**261.785**	**133.906**

Short term provisions for employee benefits:

	31 December 2022	31 December 2021
Unused vacation pay provision	558.501	224.380
Premium provision	228.534	116.240
Other	991.260	427.967
Total	**1.778.295**	**768.587**

Long term provisions for employee benefits:

	31 December 2022	31 December 2021
Provision for employment termination benefits	2.867.965	972.839
Unused vacation pay provision	16.132	8.186
Other	89.687	70.385
Total	**2.973.784**	**1.051.410**

Provision for retirement pay liability:

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. At 31 December 2022, the amount payable consists of one month's salary limited to a maximum of full TRY15.371,40 (31 December 2021: full TRY8.284,51) for each year of service.

There are no agreements for pension commitments other than the legal requirement as explained above. The liability is not funded, as there is no funding requirement.

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. However, the discount rate used in the calculation of the provisions differs for each subsidiary and associate, the average discount rate is -0,5% - 1% at the respective balance sheet date (31 December 2021: 3% - 4,5%). Severance pay ceiling is revised semi-annually and severance pay ceiling in the provision for employment termination benefits calculations of the Group has been considered amounted by full TRY19.982,83 which is effective on 1 January 2023.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 21 - EMPLOYEE BENEFITS (Continued)

Provision for retirement pay liability (Continued):

Movements in the provision for employment termination benefits for the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
1 January	972.839	652.408
Charge for the period	426.321	197.693
Business combinations	2.890	30.135
Payments	(128.159)	(120.219)
Interest cost	24.735	9.311
Foreign currency translation adjustments	55.672	516
Actuarial (loss)/gain	1.513.667	202.995
31 December	**2.867.965**	**972.839**

NOTE 22 - OTHER ASSETS AND LIABILITIES

Other Current Assets	**31 December 2022**	**31 December 2021**
Cheques in clearance	1.485.848	1.370.281
Deductible, deferred and other VAT	631.284	335.344
Other current assets	7.947.105	3.727.479
Total	**10.064.237**	**5.433.104**

Other Non-Current Assets	**31 December 2022**	**31 December 2021**
Long term tax claims and other legal receivables	-	13.024
Deductible, deferred and other VAT	2.396	2.798
Other non-current assets	237.341	157.018
Total	**239.737**	**172.840**

Other Short - Term Liabilities	**31 December 2022**	**31 December 2021**
Cheques in clearance	2.671.465	2.579.106
Saving deposits insurance	262.748	134.234
Other short - term liabilities	1.258.073	799.902
Total	**4.192.286**	**3.513.242**

Other Long - Term Liabilities	**31 December 2022**	**31 December 2021**
Other Long - Term Liabilities	542.485	24.738
Total	**542.485**	**24.738**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 23 - EQUITY

Hacı Ömer Sabancı Holding A.Ş. Holding's authorised and issued capital consists of 204.040.393.100 (31 December 2021: 204.040.393.100) shares of Kr1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 December 2022 and 2021 is as follows:

Shareholders:	**Share (%)**	**31 December 2022**	**Share (%)**	**31 December 2021**
Sakıp Sabancı Holding A.Ş.	14,07	287.100	14,07	287.100
Serra Sabancı	7,22	147.371	7,22	147.371
Suzan Sabancı Dinçer	6,94	141.567	6,94	141.567
Çiğdem Sabancı Bilen	6,94	141.567	6,94	141.567
Other	64,83	1.322.799	64,83	1.322.799
Share capital	**100,00**	**2.040.404**	**100,00**	**2.040.404**
Share buyback (-)		**(37.067)**		**(298.646)**
Share premium		**22.237**		**22.237**

The Board of Directors of Sabancı Holding have adopted the resolutions in its meeting dated November 9, 2021, for the purposes of supporting price performance of SAHOL shares in the equity market, and hence reducing the net asset value discount by bringing SAHOL shares closer to its fair value, and providing shareholders with a more attractive long-term investment opportunity. Shares buy-back shall be initiated pursuant to the Capital Markets Board's Communiqué on Share Buy-Back No. II-22.1 and the related announcements dated July 21, 2016 and July 25, 2016. In the scope of the relevant decision, considering matching orders as of 31 December 2022, shares with TRY77.868 of nominal value, equivalent to 3,82% of the company capital, were repurchased for TRY1.581.598 thousand, including transaction costs. As of the date of the report, part of the repurchased shares with a nominal value of TRY40.801 representing 2% of the company capital and Sabancı Holding public shares with a nominal value of TRY23.896, representing 1,17% of the Holding capital owned by Exsa, totaling TRY2.391.851 after tax

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The Company reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Furthermore, to be entitled to the exemption for sale of participation shares and property, 75% of related gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. Based on the exemption for sale of participation shares and property, 75% of the related gain is required to be held in account "gain on sale of subsidiaries". In 2012, related to the initial public offering of Teknosa, Holding accounted for 75% of this gain in this account.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 23 - EQUITY (Continued)

The details of restricted reserves mentioned above are as follows:

	31 December 2022	31 December 2021
Reserves for treasury shares(*)	944.255	108.176
Legal reserves	1.535.143	1.080.824
Subsidiary sales profit	343.498	343.498
Total	**2.822.896**	**1.532.498**

(*) As per TCC and CMB regulations, a legal reserve equivalent to acquisition value is allocated for treasury shares. Accordingly, under the limited reserve allocated from profits in the consolidated financial statements as of 31 December 2022, a legal reserve in the amount of TRY944.255 thousand (31 December 2021: TRY108.176) was allocated for repurchased shares.

Dividend Distribution

Listed companies processes their profit distributions according to the II-19.1 numbered CMB profit distribution declaration become effective on or after 1 February 2014.

Group companies distribute their profits within the frame of profit distribution policies determined by general assembly and according to the related declaration by the approval of general assembly. Within the mentioned declaration, minimum rate of distribution is not determined. Companies distribute their profits according to the predetermined terms in their articles of incorporation or profit distribution policies.

Repurchased Shares

The Board of Directors of Sabancı Holding have adopted the resolutions in its meeting dated November 9, 2021, for the purposes of supporting price performance of SAHOL shares in the equity market, and hence reducing the net asset value discount by bringing SAHOL shares closer to its fair value, and providing shareholders with a more attractive long-term investment opportunity. Shares buy-back shall be initiated pursuant to the Capital Markets Board's Communiqué on Share Buy-Back No. II-22.1 and the related announcements dated July 21, 2016 and July 25, 2016.

As of the date of the report, the repurchased shares have not been sold. Information related to share repurchases carried out after the balance date can be found in the note concerning Events After the Balance Date (Note 39).

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 23 - EQUITY (Continued)

Accumulated Other Comprehensive Income or Loss to be Reclassified to Profit or Loss

	Revaluation fund	Cash flow hedge fund	Net investment hedge fund	Currency translation differences
Balance as of 1 January 2022	**(719.033)**	**(144)**	**(2.450.004)**	**6.690.649**
Increases/(decreases) during the period	5.945.747	880.330	(1.457.633)	4.304.556
Gains transferred to income statement	(1.715.471)	(100.817)	-	-
Net gains & losses included in the income statement due to transfer of financial assets through other comprehensive income	633.675	-	-	-
Tax effect	(972.790)	(155.902)	291.527	-
Balance as of 31 December 2022	**3.172.128**	**623.467**	**(3.616.110)**	**10.995.205**

	Revaluation fund	Cash flow hedge fund	Net investment hedge fund	Currency translation differences
Balance as of 1 January 2021	**207.135**	**(824.534)**	**(931.208)**	**2.684.551**
Increases/(decreases) during the period	(637.187)	458.860	(1.898.495)	4.006.098
Gains transferred to income statement	(319.959)	571.628	-	-
Net gains & losses included in the income statement due to transfer of financial assets through other comprehensive income	(200.564)	-	-	-
Tax effect	231.542	(206.098)	379.699	-
Balance as of 31 December 2021	**(719.033)**	**(144)**	**(2.450.004)**	**6.690.649**

NOTE 24 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

1 January - 31 December 2022

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a net loss amounting to TRY2.415.900 (full amount) as of 31 December 2022 (31 December 2021: TRY7.942.991 net loss (full amount)). On 31 December 2022 and 31 December 2021, operating results of this company reclassified as income/expense from the discontinued operations in the consolidated financial statements.

No amount for "Assets Held For Sale" is recognised of 31 December 2022 (31 December 2021: full TRY 4.142.037). The amount recognised under "Liabilities Held For Sale" is full TRY 13.890.583 as of 31 December 2022 (31 December 2021: None).

The amount recognised by Çimsa under "Assets Held For Sale" is TRY 2 as of 31 December 2022 (31 December 2021: TRY 180.248). The amount recognised by Akbank under "Assets Held For Sale" is TRY 591.213 as of 31 December 2022 (31 December 2021: TRY 232.296).

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 24 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

Information on other assets held for sale:

	31 December 2022	31 December 2021
Net book value at the beginning of the term	**694.573**	**262.226**
Acquisitions	601.564	200.398
Disposals (-), net	700.655	217.363
Impairment (-)	125	1.517
Other	(18.033)	450.829
Net book value	**577.324**	**694.573**

Other part of other assets held for sale originates from Nile Kordsa Company for Industrial Fabrics S.A.E, a subsidiary of Kordsa.

1 January - 31 December 2021

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a net loss amounting to TRY7.942.990 (full amount) as of 31 December 2021 (31 December 2020: TRY7.108.997 net loss (full amount)). On 31 December 2021 and 31 December 2020, operating results of this company reclassified as income/expense from the discontinued operations in the consolidated financial statements.

The amount recognised under "Assets Held For Sale" is full TRY 4.142.037 as of 31 December 2021 (31 December 2020: full TRY 2.925.808). No amount for "Liabilities Held for Sale" is recognised as of 31 December 2021 (31 December 2020: full TRY 4.026.883).

The sale process of the lands which are not used actively of Çimsa is continue and the remaining part of property, plant and equipments amounting to TRY 343 has been classified as held for sale (31 December 2020: full TRY 8.522.648).

An Asset Deal Agreement was signed on 24 September 2021 related to the transfer of Niğde Integrated Cement Factory, Kayseri Inregrated Cement Factory, Ankara Cement Grinding Facility and the Başakpınar, Ambar, Nevşehir, Cırgalan, Aksaray, Ereğli and Kahramanmaraş Ready Mixed Concrete Plant, the fixed assets in these plants and other related assets to Çimko Çimento ve Beton Sanayi Ticaret A.Ş. for USD 127 million (VAT is not included), provided relevant legal approvals including Competition Authority approval are acquired and on condition that the agreement is subject to adjustments on the closing date. The asset transfers may be carried out provided the required legal approvals including the Competition Board approval are obtained, and after these approvals were received these assets worth TRY 179.905 were classified from property, plant and equipment and intangible assets to assets held for sale.

Group shares representing 25% of Philsa capital with a nominal value of full TRY 750.000 and shares representing 24.75% of PMSA capital with a nominal value of full TRY 173.250 were transferred to Philip Morris on 5 January 2022 for amounting to full TRY 2.747.308.823 after adjustments on the closing date, and the transfer fee was collected on the same day. The total registered value of TRY 277.887 of net assets classified under assets valued using the equity method as of 31 December 2021 is transferred to asset held for sale.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 25 - REVENUE AND COST OF SALES

Non-finance sector

	1 January- 31 December 2022	1 January- 31 December 2021
Domestic sales	59.274.232	27.496.909
Foreign sales	11.165.297	4.182.600
Less: Discounts	(2.267.173)	(1.109.157)
Total	**68.172.356**	**30.570.352**

	1 January- 31 December 2022	1 January- 31 December 2021
Cost of raw materials and merchandises	(44.959.324)	(19.211.745)
Change in finished good, work in process inventory and merchandises	26.240	(191.082)
Personnel expenses	(1.761.538)	(986.623)
Depreciation and amortization expenses	(745.262)	(457.115)
Other	(7.279.796)	(3.178.273)
Total	**(54.719.680)**	**(24.024.838)**

Finance sector

	1 January- 31 December 2022	1 January- 31 December 2021
Interest income	134.766.101	45.090.254
Insurance premiums	17.278.952	5.147.087
Commission income	14.261.754	7.384.704
Total	**166.306.807**	**57.622.045**

	1 January- 31 December 2022	1 January- 31 December 2021
Interest expenses	(44.747.894)	(22.170.261)
Insurance premiums	(18.296.992)	(4.029.635)
Commission expenses	(3.655.279)	(1.744.283)
Total	**(66.700.165)**	**(27.944.179)**

NOTE 26 - EXPENSES BY NATURE

Research and development expenses

Allocation of research and development expenses on nature basis for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	(89.786)	(23.421)
Consultancy expenses	(11.250)	(9.412)
Depreciation and amortization expenses	(3.417)	(4.336)
Repair and maintenance expenses	(823)	(740)
Other	(4.035)	(9.028)
Total	**(109.311)**	**(46.937)**

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NOTE 26 - EXPENSES BY NATURE (Continued)

Marketing expenses

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	(2.341.497)	(1.245.396)
Transportation, logistic and distribution expenses	(715.459)	(331.831)
Depreciation and amortization expenses	(654.085)	(478.676)
Rent expenses	(609.642)	(245.145)
Advertisement expenses	(326.470)	(130.146)
Energy expenses	(218.481)	(180.086)
Maintenance and repair expenses	(127.517)	(65.450)
Consultancy expenses	(100.072)	(74.682)
Outsourced services	(99.855)	(56.913)
Insurance expenses	(10.476)	(2.530)
Material expenses	(9.971)	(4.693)
Communication expenses	(2.250)	(1.934)
Other	(700.030)	(188.504)
Total	**(5.915.805)**	**(3.005.986)**

General administrative expenses

Allocation of general administrative expenses on nature basis for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	(9.885.816)	(4.912.203)
Credit card and banking service expense	(4.255.879)	(1.543.195)
Depreciation and amortization expenses	(2.071.675)	(1.184.343)
Maintenance and repair expenses	(2.000.980)	(940.483)
Savings deposit insurance fund expenses	(847.770)	(500.597)
Consultancy expenses	(811.426)	(443.733)
Taxes, duties and fees	(777.571)	(461.756)
Advertisement expenses	(624.587)	(259.478)
Communication expenses	(439.302)	(242.512)
Energy expenses	(281.175)	(107.842)
Insurance expenses	(47.639)	(24.728)
Outsourced services	(25.461)	(29.939)
Other	(3.144.274)	(1.094.528)
Total	**(25.213.555)**	**(11.745.337)**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 27 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/ INDEPENDENT AUDIT FIRMS

Information regarding the fees for the services received from the independent audit firms, in accordance with the letter of POA dated 19 August 2021 that was prepared considering the Board Decision published in the Official Gazette on 30 March 2021, is as follows:

	31 December 2022	31 December 2021
Independent audit fee for the reporting period	42.812	18.708
Fees related to tax consultancy services	9.335	747
Other assurance service fees	5.702	3.511
Fees for other independent non-audit services	5.742	1.186
Total	**63.591**	**24.152**

The fees above have been determined through including the independent audit and other related service fees of all Subsidiaries and Joint Ventures and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TRY using the annual average rates of the relevant years.

NOTE 28 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign currency gains resulting from operations	2.236.740	2.678.283
Due date income from trade receivables	263.815	160.230
Other income (*)	5.845.068	1.168.684
Total	**8.345.623**	**4.007.197**

(*) Other incomes are related to insurance companies' investment income transferred to technical profit.

The details of other expenses from operating activities for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign currency losses resulting from operations	(1.439.596)	(1.982.429)
Due date expense from trade receivables	(882.019)	(550.213)
Provision expense	(30.580)	(29.586)
Other expenses	(740.589)	(301.961)
Total	**(3.092.784)**	**(2.864.189)**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 29 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

The details of other income from investing activities for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Income on disposals of subsidiary(*)	2.766.445	92.390
Profit from sales on property, plant and equipment	1.891.146	293.921
Fair value change of financial investments(**)	549.264	-
Interest income on time deposits	465.127	76.508
Dividend income	112.106	22.979
Other	11.676	2.305
Fair value gain from business combinations (***)	-	1.359.258
Total	**5.795.764**	**1.847.361**

(*) Consists of sales income of Philsa and PMSA shares
(**) It relates to financial assets at fair value through profit or loss
(***) It is the fair value gain arises from Agesa and Aksigorta business combinations.

Expenses from investment activities

The details of other expenses from investing activities for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Loss on sale of fixed assets	(4.882)	(9.283)
Other	(18.865)	-
Total	**(23.747)**	**(9.283)**

NOTE 30 - FINANCE INCOME/EXPENSES

Financial income and expenses of non-banking segments:

	1 January- 31 December 2022	1 January- 31 December 2021
Financial income		
Foreign currency gains	644.548	86.503
Interest income	20.144	5.810
Other financial income	61.771	32.496
Total	**726.463**	**124.809**

	1 January- 31 December 2022	1 January- 31 December 2021
Financial expenses		
Foreign currency losses	(485.873)	(327.494)
Interest expense	(1.306.361)	(737.545)
Other financial expenses	(707.953)	(398.903)
Total	**(2.500.187)**	**(1.463.942)**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 31 - TAX ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Corporate and income taxes payable	22.268.876	4.186.070
Less: prepaid taxes	(12.605.704)	(2.566.388)
Total taxes payable	**9.663.172**	**1.619.682**

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

As of 31 December 2022, the corporate tax rate has been applied as 23% (2021: 25%) in the financial statements. In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, the corporate tax rate is 25% for the taxation period of 2021, starting with the declarations that must be submitted as of 1/7/2021 and valid for the taxation period starting from 1/1/2021. and this rate will be applied as 23% for the taxation period of 2022.

The publication of the Law No. 7394 in the Official Gazette dated 15.04.2022, for banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, the corporate tax rate has been permanently increased to 25%, and the tax rate applied to the cumulative earnings of 2022 is considered as 25%.

Corporation tax is payable for the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc. and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, except from these corporations dividends subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations calculate temproray tax quarterly on their corporate income and declare it until the 10th day and pay it on the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the 25th day of the fourth month following the month in which the accounting period is closed. Tax inspection authorities can examine the accounting records within five years, and if an erroneous transaction is detected, the tax amounts may change due to the tax assessment to be made regarding the tax to be paid.Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

The law on amending the Tax Procedure Law and the Corporate Tax Law has been enacted on 20 January 2022 with the code numbered 7532 and it has been decided that the financial statements will not be subject to inflation adjustment in 2021 and 2022, including the temporary accounting periods, and in the provisional tax periods in 2023, regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met. Tax Procedure Law.

According to the Tax Law with the code numbered 7352, Financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. Profit/loss difference arising from inflation adjustment in VUK financial statements will be shown in previous years' profit/loss accounts and will not affect the corporate tax base.

NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

The assets, which are covered by the teiterated article 298 of the law, will be revalued with the revaluation rate announced in the relevant year and no additional tax will paid for the valuaiton difference. For revalued assets, the valuation dfference can be depreciated as an expense. Within the scope of the law amendment, deferred tax asset has been recognized in the consolidated statement of financial position based on the revaluation records for fixed assets in the legal book, and the deferred tax income related to difference between legal and TFRS books has been accounted in the consolidated statement of profit or loss.

There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those related to Group are as follows:

Affiliation Privilege

Dividend income from participation in shares of capital of another full-fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

Emission premiums exemption

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

Exemption for participation into foreign subsidiaries

The participation income of corporations participating in 10% or more of the capital of a limited liability or joint stock company which does not have its legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or by investment of marketable securities) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

Exemption for sale of participation shares and property

Seventy-five percent of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. As of 1 January 2019, the exemption for real estate has been revised to 50%. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The proceed related to the sale transaction has to be collected up until the end of the second calendar year following the year the sale was realized.

Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate cannot benefit from this exemption.

Investment incentives

The corporate tax rate in Turkey is 23%. However, there is a reduced corporate tax application for investments related to incentive certificate. The two factors that are important in calculating the discounted corporate tax in the Investment Incentive System are the contribution rate to investment and the rate of tax reduction. The amount of contribution of the investments to be met by Government through the tax is defined as the amount of contribution to the investment and dividing this amount by the total amount invested is defined as the rate of contribution to the investment.

These rates are determined by the President according to the sectors and regions. Regulations on Reduced Corporate Tax are included in the Decree No: 2012/3305 of the Council of Ministers and 1 Serial Number of Corporate Tax.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

Tax amounts related to comprehensive income items in the consolidated statement of other comprehensive profit or loss for the period ended 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022			31 December 2021		
	Before tax	**Tax charge**	**After tax**	**Before tax**	**Tax charge**	**After tax**
Fair value of financial assets transferred to the other comprehensive income	12.395.718	(2.479.144)	9.916.574	(2.878.229)	575.646	(2.302.583)
Cash flow hedges	2.204.861	(440.972)	1.763.889	2.823.317	(564.663)	2.258.654
Financial assets related to the hedging of net investment in a foreign operation	(3.577.011)	715.402	(2.861.609)	(4.658.878)	931.777	(3.727.101)
Change in currency translation differences	8.181.849	-	8.181.849	8.234.460	-	8.234.460
Actuarial loss/gain	(2.478.459)	495.692	(1.982.767)	(223.609)	44.721	(178.888)
Other Comprehensive Income	**16.726.958**	**(1.709.022)**	**15.017.936**	**3.297.061**	**987.481**	**4.284.542**

	31 December 2022	**31 December 2021**
Profit before tax included in the consolidated financial statements	102.760.261	25.853.588
Expected tax charge according to parent company's tax rate 23% (2021: 25%)	(23.632.843)	(6.463.397)
Tax rate differences of subsidiaries	-	14.657
Expected tax charge of the Group	**(23.632.843)**	**(6.448.740)**
Revenue that is exempt from taxation (*)	561.689	352.997
Non-deductible expenses	(270.877)	(408.809)
Utilizing carryforward tax losses that are not subject to deferred tax	64.104	99.321
Impact of profits from investments valued by equity method	2.686.334	696.629
Not using the previous years' losses for which the previous years' deferred tax was calculated/which are expired	-	(65.595)
The impact of investment incentives	2.257	34.836
Other	227.334	464.883
Current year tax charge of the Group	**(20.362.002)**	**(5.274.478)**

(*) It includes foreign currency protected deposit and subsidiary sale profit exclusions.

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NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax

The Group recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS and their statutory tax financial statements. These differences usually result from the recognition of revenue and expenses in different reporting periods for TAS and tax purposes, carry forward tax losses and investment incentive exceptions. Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20% in Turkey.

Law no. 7316 promulgated in the Official Gazette dated 22 April 2021 raised corporate income tax to 25% for the 2021 taxation period and 23% for the 2022 taxation period, beginning with statements that should be submitted by 1 July 2021 and effective for the taxation period starting on 1 January 2021.

Since the subsidiaries and joint ventures which are separately taxpayers presented their deferred tax assets and liabilities as net values in their financial statements, the effect of the presentation of the net amounts has been reflected to the Group's consolidated balance sheet. Temporary differences and deferred tax assets and liabilities presented in the table below are based on the gross values.

As of the period ending on 31 December 2022, provisional tax of 23% (2021: 25%) is calculated and paid on quarterly earnings in accordance with the tax legislation, and the amounts paid in this way are deducted from the tax calculated on the annual income.

The Group has no previous year loss which was not used to calculate deferred tax assets. At 31 December 2022, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TRY 538.181 which can be offset against future taxable profits for a period of five years (31 December 2021: TRY 811.459). As of 31 December 2022 and 31 December 2021 carry forward tax losses and the latest annual periods are as follows:

	31 December 2022	**31 December 2021**
2022	-	410.171
2023	115.026	154.997
2024	154.997	246.291
2025	215.214	-
2026	52.944	-
Total	**538.181**	**811.459**

Deferred tax assets/(liabilities) for the years ended at 31 December 2022 and 2021 are as follows:

	31 December 2022	**31 December 2021**
Deferred tax assets	1.456.257	660.696
Deferred tax liabilities	(2.590.383)	(1.382.161)
Net Deferred Tax Assets/(Liabilities)	**(1.134.126)**	**(721.465)**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax(Continued)

The movements in deferred income tax assets/(liabilities) for the six-month periods ended 31 December 2022 and 2021 are as follows:

	2022	2021
1 January	**(721.465)**	**400.998**
Charged to equity	(2.226.971)	956.524
Business combination effect	(64.131)	(780.817)
Change in foreign currency translation differences	(26.414)	(120.229)
Charged to statement of profit or loss	1.906.874	(1.088.408)
Other	(2.019)	(89.533)
31 December	**(1.134.126)**	**(721.465)**

The deferred tax assets and liabilities calculated using the accumulated temporary differences and the applicable tax rates are as follows:

	Total temporary differences		**Deferred tax assets/(liabilities)**	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Tangible and intangible assets	1.267.600	4.690.390	(314.950)	(938.078)
Inventories	(368.590)	(391.626)	74.790	87.550
Expected credit losses for loans	(11.215.871)	(19.014.505)	2.811.760	3.802.901
Provision for severance pay	(2.866.709)	(780.450)	683.210	162.038
Litigation provisions	(49.218)	28.196	11.012	(7.049)
Carry forward tax losses	(1.223.503)	(785.334)	274.049	187.154
Investment incentives	(517.711)	(275.527)	92.738	43.509
Doubtful receivables provisions	(66.343)	(44.424)	18.819	9.644
Derivative instruments	26.394.486	23.118.838	(6.598.239)	(4.907.561)
Financial lease liabilities	(1.472.246)	(1.041.629)	301.750	213.029
Securities valuation differences	(8.494.526)	(7.079.850)	2.125.890	1.412.735
Fair value differences of financial assets and liabilities	938.295	296.650	(187.658)	(59.352)
Geographical region risk provision cancellation	1.942.437	1.047.522	(531.742)	(282.831)
Other temporary differences	(72.033)	2.370.371	104.445	(445.154)
Deferred tax assets/liabilities (net)			**(1.134.126)**	**(721.465)**

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NOTE 32 - DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2022	**Fair Value**	
Derivative instruments held for trading:	**Assets**	**Liabilities**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	15.576.028	13.822.769
Forward currency purchases and sales transactions	2.275.577	473.494
Currency purchases and sales options	731.855	272.870
Other purchases and sales transactions	5.744.608	-
Total derivative instruments held for trading	**24.328.068**	**14.569.133**
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales transactions	24.519.881	537.917
Forward currency purchases and sales transactions	6.415	-
Currency purchases and sales transactions	26.165	-
Total derivative instruments held for hedging	**24.552.461**	**537.917**
Total derivative instruments	**48.880.529**	**15.107.050**

31 December 2021	**Fair Value**	
Derivative instruments held for trading:	**Assets**	**Liabilities**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	27.782.362	20.177.837
Forward currency purchases and sales transactions	1.974.291	4.155.666
Currency purchases and sales options	296.503	567.852
Other purchases and sales transactions	4.699.540	-
Total derivative instruments held for trading	**34.752.696**	**24.901.355**
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales transactions	16.189.565	1.026.204
Forward currency purchases and sales transactions	53.854	-
Currency purchases and sales transactions	-	6.178
Total derivative instruments held for hedging	**16.243.419**	**1.032.382**
Total derivative instruments	**50.996.115**	**25.933.737**

Akbank hedge against cash flow risk through the use of interest rate swaps against the cash flow risk arising from its financial debts.

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NOTE 32 – DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Banking

The presentation of banking derivative instruments according to their contractual maturities is as follows:

31 December 2022	**Up to 1 Month**	**1-3 Months**	**3-12 Months**	**1-5 Years**	**Over 5 years**
Derivative financial assets held for trading					
Exchange rate derivatives:					
- Addition	189.016.139	113.902.220	59.692.494	23.149.081	6.313.217
- Disposal	(199.367.202)	(129.764.945)	(61.039.300)	(22.313.757)	(5.827.772)
Interest rate derivatives:					
- Addition	712.536	968.267	5.635.399	8.887.319	1.433.194
- Disposal	(567.448)	(961.813)	(4.373.962)	(7.946.885)	(1.259.393)
Hedging assets					
Exchange rate derivatives:					
- Addition	945.384	303.012	2.379.012	5.980.162	20.591.405
- Disposal	(316.205)	(246.364)	(896.534)	(3.163.337)	(7.337.791)
Interest rate derivatives:					
- Addition	423.413	1.040.097	4.117.787	8.784.124	1.638.450
- Disposal	(412.244)	(790.608)	(2.217.546)	(5.170.987)	(1.486.620)
Total Cash Inflow	**191.097.472**	**116.213.596**	**71.824.692**	**46.800.686**	**29.976.266**
Total Cash Outflow	**(200.663.099)**	**(131.763.730)**	**(68.527.342)**	**(38.594.966)**	**(15.911.576)**

31 December 2021	**Up to 1 Month**	**1-3 Months**	**3-12 Months**	**1-5 Years**	**Over 5 years**
Derivative financial assets held for trading					
Exchange rate derivatives:					
- Addition	107.022.530	99.545.807	61.606.380	30.012.745	6.393.372
- Disposal	(111.683.915)	(111.758.980)	(61.321.153)	(30.032.637)	(5.920.722)
Interest rate derivatives:					
- Addition	382.027	936.181	2.355.465	4.248.089	1.235.062
- Disposal	(391.660)	(848.877)	(2.102.182)	(3.718.938)	(1.093.669)
Hedging assets					
Exchange rate derivatives:					
- Addition	3.004.059	99.193	1.838.063	4.694.245	14.653.748
- Disposal	(659.456)	(253.115)	(1.353.414)	(4.010.544)	(7.341.117)
Interest rate derivatives:					
- Addition	217.937	786.064	2.819.865	5.904.526	1.780.110
- Disposal	(295.460)	(954.479)	(2.803513)	(4.721.133)	(1.909.851)
Total Cash Inflow	**110.626.553**	**101.367.245**	**68.619.773**	**44.859.605**	**24.062.292**
Total Cash Outflow	**(113.030.491)**	**(113.815.451)**	**(67.580.262)**	**(42.483.252)**	**(16.265.359)**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 33 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

Banking and Financial Services

Loans and advances to customers	**31 December 2022**	**31 December 2021**
Consumer loans and credit cards receivables	158.919.995	92.939.761
Project finance loans	84.974.910	84.151.374
Financial institutions	51.509.410	24.640.404
Other manufacturing industries	42.066.864	18.315.985
Construction	38.635.076	30.982.020
Small-scale enterprises	24.903.274	14.806.603
Textile	23.840.532	10.944.313
Mining	20.038.388	12.807.071
Automotive	14.700.989	8.502.001
Food and beverage, wholesale and retail	14.458.186	9.962.603
Chemicals	10.133.707	11.615.425
Telecommunication	2.084.710	1.205.127
Other	127.805.247	74.907.707
Total loans and advances to customers	**614.071.288**	**395.780.394**
Leasing receivables	11.925.592	8.038.101
Provision for loan losses	(22.190.368)	(19.014.505)
Receivables from insurance activities	3.239.641	1.808.721
Net loans and advances to customers	**607.046.153**	**386.612.711**

The above table includes the bank's live and non-performing total loans, and the loan risk reserve is separated as a result of the bank assessment considering all credit risk.

Current Period	**Commercial Loans**		**Consumer Loans**		**Credit Cards**		**Financial Lease**		**Total**	
31 December 2022	**Balance**	**Credit Loss**	**Balance**	**Credit Loss**	**Balance**	**Credit Loss**	**Balance**	**Credit Loss**	**Balance**	**Credit Loss**
Loans	**454.078.113**	**15.999.840**	**98.139.136**	**2.940.596**	**61.854.039**	**2.965.320**	**11.925.592**	**284.612**	**625.996.880**	**22.190.368**
Stage 1	405.917.307	1.290.692	92.226.596	911.107	58.220.799	1.448.193	11.179.944	60.317	567.544.646	3.710.309
Stage 2	34.229.913	5.611.706	3.911.213	473.599	2.356.173	538.650	371.485	70.795	40.868.784	6.694.750
Stage 3	13.930.893	9.097.442	2.001.327	1.555.890	1.277.067	978.477	374.163	153.500	17.583.450	11.785.309
Financial Asset	**309.829.461**	**608.280**	-	-	-	-	-	-	**309.829.461**	**608.280**
Other	**34.078.902**	**56.608**	-	-	-	-	-	-	**34.078.902**	**56.608**
Noncash Loans	**141.302.034**	**457.083**	-	-	-	-	-	-	**141.302.034**	**457.083**
Stage 1&2	139.744.331	145.924	-	-	-	-	-	-	139.744.331	145.924
Stage 3	1.557.703	311.159	-	-	-	-	-	-	1.557.703	311.159
Total	**939.288.510**	**17.121.811**	**98.139.136**	**2.940.596**	**61.854.039**	**2.965.320**	**11.925.592**	**284.612**	**1.111.207.277**	**23.312.339**

Current Period	**Commercial Loans**		**Consumer Loans**		**Credit Cards**		**Financial Lease**		**Total**	
31 December 2021	**Balance**	**Credit Loss**	**Balance**	**Credit Loss**	**Balance**	**Credit Loss**	**Balance**	**Credit Loss**	**Balance**	**Credit Loss**
Loans	**302.175.962**	**14.847.738**	**62.262.084**	**2.115.708**	**31.342.348**	**1.733.787**	**8.038.101**	**317.272**	**403.818.495**	**19.014.505**
Stage 1	253.878.544	738.094	56.826.711	422.078	27.868.171	417.845	7.228.503	57.392	345.801.929	1.635.409
Stage 2	33.382.306	4.817.590	3.763.395	371.788	2.292.721	324.800	350.327	65.769	39.788.749	5.579.947
Stage 3	14.915.112	9.292.054	1.671.978	1.321.842	1.181.456	991.142	459.271	194.111	18.227.817	11.799.149
Financial Asset	**209.558.642**	**217.778**	-	-	-	-	-	-	**209.558.642**	**217.778**
Other	**14.712.784**	**24.141**	-	-	-	-	-	-	**14.712.784**	**24.141**
Noncash Loans	**88.336.116**	**641.035**	-	-	-	-	-	-	**88.336.116**	**641.035**
Stage 1&2	86.791.945	185.584	-	-	-	-	-	-	86.791.945	185.584
Stage 3	1.544.171	455.451	-	-	-	-	-	-	1.544.171	455.451
Total	**614.783.504**	**15.730.692**	**62.262.084**	**2.115.708**	**31.342.348**	**1.733.787**	**8.038.101**	**317.272**	**716.426.037**	**19.897.459**

Effective interest rates of loans and advances to customers in US Dollars, Euros and Turkish Lira are annually 8,82% (31 December 2021: 4,79%), 5,85% (31 December 2021: 3,86%) and 18,41% (31 December 2021: 17,62%).

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 33 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

As of 31 December 2022, the movement table of credit risk provision of banking industry segment is as follows:

	Stage 1	**Stage 2**	**Stage 3**
Opening (31 December 2021)	**1.635.408**	**5.579.947**	**11.799.149**
Additions (*)	1.857.581	2.190.759	13.451.129
Disposals (**)	(324.513)	(917.194)	(1.068.292)
Foreign exchange rate effect	86.136	1.618.436	-
Stage 1 and Stage 2 Movements			
Loans classified under Stage 1 in two periods (Model effect)	11.152	-	-
Loans classified under Stage 1 in two periods (Change in balance effect)	451.514	-	-
Transfers from Stage 1 to Stage 2 in two periods (Staging and balance change effect)	(52.141)	423.765	-
Loans classified under Stage 2 in two periods (Model effect)	-	2.651.891	-
Loans classified under Stage 2 in two periods (Change in balance effect)	-	(4.309.145)	-
Transfers from Stage 2 to Stage 3 in two periods (Staging and balance change effect)	59.159	(366.906)	-
Stage 3 Movements			
Transfers from Stage 1 to Stage 3	(13.987)	-	602.044
Transfers from Stage 2 to Stage 3	-	(177.117)	955.269
Transfers from Stage 3 to Stage 2	-	9.894	(193.007)
Loans classified under Stage 3 in two periods (Change in balance effect)			406.130
Write-offs	-	(9.580)	(14.166.311)
Sold Portfolio effect	-	-	(802)
Closing (31 December 2022) (***)	**3.710.309**	**6.694.750**	**11.785.309**

(*) Loans which are not included in the loan portfolio as of 31 December 2021 and included in the loan portfolio and calculated provisions a of 31 December 2022.

(**) Loans which are included in the loan portfolio and calculated provisions as of 31 December 2021 but which are not included in the loan portfolio as of 31 December 2022

(***) In the calculations the transitions between the records in both periods have been considered by making additions and disposals.

As of 31 December 2022, the movement table of credit risk provision of banking industry segment by asset classes is as follows:

	Commercial Loans	**Consumer Loans & Credit Cards**	**Leasing receivables**	**Total**
1 January 2022	**14.847.739**	**3.849.495**	**317.271**	**19.014.505**
Gross provisions	16.046.094	3.817.119	200.657	20.063.870
Collections	(1.490.353)	(1.017.212)	(213.329)	(2.720.894)
Written-off	(13.403.639)	(743.487)	(19.987)	(14.167.113)
31 December 2022	**15.999.841**	**5.905.915**	**284.612**	**22.190.368**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 33 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

As of 31 December 2021, the movement table of credit risk provision of banking industry segment by asset classes is as follows:

	Commercial Loans	**Consumer Loans & Credit Cards**	**Leasing receivables**	**Total**
1 January 2021	**13.773.709**	**2.801.353**	**394.453**	**16.969.515**
Gross provisions	3.350.891	2.117.268	86.868	5.555.027
Collections	(1.290.841)	(532.625)	(60.783)	(1.884.249)
Written-off	(986.020)	(536.501)	(103.267)	(1.625.788)
31 December 2022	**14.847.739**	**3.849.495**	**317.271**	**19.014.505**

The maturity analysis of loans and advances to customers as of 31 December 2022 and 31 December 2021 is presented below:

	31 December 2022	**31 December 2021**
Up to 3 months	231.405.202	127.580.232
3 to 12 months	171.234.040	93.836.550
Current	**402.639.242**	**221.416.782**
1 to 5 years	134.771.472	114.749.045
Over 5 years	54.470.206	40.600.062
Non-current	**189.241.678**	**155.349.107**
Total	**591.880.920**	**376.765.889**

The repricing schedule of loans and advances to customers at 31 December 2022 and 31 December 2021 are summarized below:

	31 December 2022	**31 December 2021**
Up to 3 months	312.807.523	179.073.625
3 to 12 months	177.380.741	98.603.836
1 to 5 years	91.534.181	85.074.285
Over 5 years	10.158.475	14.014.143
Total	**591.880.920**	**376.765.889**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 34 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

	31 December 2022			31 December 2021		
	Demand	**Time**	**Total**	**Demand**	**Time**	**Total**
Saving deposits	139.495.538	316.203.140	455.698.678	97.492.447	177.658.897	275.151.344
Commercial deposits	98.055.575	136.478.863	234.534.438	61.300.106	90.569.061	151.869.167
Bank deposits	1.476.193	14.786.134	16.262.327	1.776.500	12.060.042	13.836.542
Funds provided from repo transactions	-	57.277.871	57.277.871	-	63.256.050	63.256.050
Other	3.006.450	4.965.825	7.972.275	1.838.712	5.622.797	7.461.509
Total	**242.033.756**	**529.711.833**	**771.745.589**	**162.407.765**	**349.166.847**	**511.574.612**

Effective interest rates of USD, EUR and TRY denominated customer deposits are %4,81 (31 December 2021: %1,16), %2,77 (31 December 2021: %0,20) and %15,93 (31 December 2021: %17,71).

An FX-protected deposit account product, the operation rules of which were determined by the Ministry of Treasury and Finance and the Central Bank of Turkey and which helps protect TRY deposit accounts against exchange rate change when value increases, has been launched for client use as of the current accounting report period. As of 31 December 2022, the TRY deposit amount includes TRY 98.451.375 that falls within this scope (31 December 2021: TRY 4.875.953).

As of 31 December 2022 and 2021, deposits and money market borrowings, the analysis of the remaining maturity dates in the contract are presented below:

	31 December 2022	**31 December 2021**
Up to 1 month	242.033.756	162.407.765
1 to 3 months	471.220.197	306.842.022
3 to 12 months	40.918.882	30.950.347
1 to 5 years	16.412.124	10.034.533
Over 5 years	1.160.630	1.339.945
Total	**771.745.589**	**511.574.612**

Financial services

	31 December 2022	**31 December 2021**
Payables from insurance sector operations	2.558.097	955.091
Total	**2.558.097**	**955.091**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 35 - EARNINGS PER SHARE

Earnings per share (parent company share) stated in the consolidated profit or loss statement is determined by dividing the net period profit by the weighted average number of shares issued within the relevant period.

	31 December 2022	31 December 2021
Earnings per share total TRY - ordinary share ('00)	21,48	5,90
Earnings per share from continuing operations total TRY - ordinary share ('00)	21,48	5,90
Number of treasury shares	(944.255.227)	(298.646.399)
Earnings per share excluding treasury shares (total TRY) - ordinary share ('00)	21,49	5,90
Earnings per share from continuing operations excluding treasury shares (total TRY) - ordinary share ('00)	21,49	5,90
Weighted average number of shares as of the reporting date (per share of Kr1 nominal value) - ordinary share(*)	203.993.184.303	204.033.406.561

(*) Calculated by adjusting repurchased shares

NOTE 36 - RELATED PARTY DISCLOSURES

Related party balances

	31 December 2022	31 December 2021
Receivables from finance sector activities	6.998.277	6.621.682
Trade receivables	314.353	203.792
Trade payables	515.832	109.484
Other receivables	3.100	1.826
Other payables	676.128	177.732
Receivables from finance sector activities	6.266.508	3.577.126

Related party transactions

	31 December 2022	31 December 2021
Goods and services sales	761.161	339.923
Goods and services purchases	(1.999.466)	(634.810)
Interest income	1.206.623	465.001
Interest expense	(403.028)	(151.306)

The Group's joint ventures are recognised in the consolidated financial statements using the equity method. Accordingly, transactions between Group subsidiaries and joint ventures and balances from joint ventures may not be eliminated.

As of 31 December 2022, TRY249.264 (31 December 2021: TRY156.574) was the balance of trade receivables arising from the sales relationship between Kordsa and Brisa, and TRY27.785 (31 December 2021: TRY15.277) had arisen from the sales relationship between SabancıDx and Brisa. TRY444.252 of trade payables (31 December 2022: TRY72.371) arose from the balance related to the purchasing relationship of Çimsa with Enerjisa Üretim. The receivables and payables from finance industry operations consist of credit and deposit transactions between Akbank and the Group joint ventures and other related parties.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 36 - RELATED PARTY DISCLOSURES (continued)

As of 31 December 2022, of transactions with related parties, TRY574.218 (31 December 2021: TRY231.197) of product and services sales arises from the sales relationship between Kordsa and Brisa, TRY74.474 (31 December 2021: TRY42.872) from SabancıDX and Brisa, and TRY77.128 (31 December 2021: TRY28.704) from SabancıDX and Enerjisa Enerji. TRY1.317.902 of goods and services purchases (31 December 2021: TRY449.613) arises from Çimsa's purchasing relationship with Enerjisa, and TRY452.249 arises from Kordsa's purchasing relationship with Enerjisa Üretim (31 December 2021: TRY139.374).

Key management personnel compensation:

The Group defined its key management as board of directors, general manager, general secretary, group chiefs, head of departments and group directors.

Short term benefits include wages, bonuses, social security, health insurance, unused vacation, premium bonuses and incentive premiums. Other long term benefits include private pension system payments. Benefits resulted from discharge include severance pay and unused vacation payments for executive management who is discharged as a result of transfer or retirement.

The detailed schedule of compensation paid or payable to key management for the periods ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Short term benefits	124.385	64.950
Benefits resulted from discharge	2.804	1.015
Other long term benefits	1.032	586
Total	**128.221**	**66.551**

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

37.1 Financial Instruments and Financial Risk Management

37.1.1 Financial risk management

The Group is exposed to a variety of financial risks due to its operations. These risks are; market risk (including exchange risk, fair value interest rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on minimizing the effects of the unpredictability of financial markets and their possible adverse effects on the Group's financial performance.

The Group uses financial derivative instruments in order to hedge from various risks. Financial risk management is carried out within the context of policies approved by their Board of Directors for each Subsidiary and Jointly Controlled Entity

37.1.1.1 Foreign Exchange Risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. The Group aims to lower foreign exchange risk arising from assets and liabilities by using swap and forward derivative instruments.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

The difference between the assets and liabilities of Akbank both denominated in foreign currency is defined as the "Net Foreign Currency ("FC") position" and is the exposure to foreign currency risk. Another dimension of the foreign exchange risk is the change in the value of the foreign currencies themselves within the net FC position (cross rate risk). The Bank keeps the amount exposed to foreign exchange risk within the limits determined by the Risk Management Committee. The Risk Management Committee monitors the general economic conditions and developments in the markets and sets new limits when necessary. These limits are set and monitored separately for the net FC position and for the cross rate risk. When necessary swap and forward contracts are used as a tool to hedge the foreign exchange risk.

The Group is exposed to foreign exchange risk arising primarily from the EUR, USD and GBP.

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations as at 31 December 2022 and 31 December 2021 in terms of TRY are as follows:

	31 December 2022	**31 December 2021**
Assets	488.236.719	402.476.037
Liabilities	(541.636.916)	(458.478.627)
Net foreign currency balance sheet position	**(53.400.197)**	**(56.002.590)**
Net foreign currency position of off-balance sheet derivative financial instruments	64.158.918	68.955.303
Net foreign currency balance sheet and off-balance sheet position	**10.758.721**	**12.952.713**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2022	**Total TRY Equivalent**	**TRY**	**USD TRY Equivalent**	**EUR TRY Equivalent**	**GBP TRY Equivalent**	**Other TRY Equivalent**
Assets:						
Cash and cash equivalents	52.314.899	286.755	29.091.289	17.988.703	409.672	4.538.480
Financial investments	106.726.305	-	97.118.423	7.381.822	-	2.226.060
Receivables from financial operations	210.909.850	-	87.567.511	123.264.615	33.050	44.674
Reserve deposits at central banks	95.135.790	-	55.195.560	36.497.113	-	3.443.117
Trade receivables	2.791.073	292.621	828.700	1.362.244	18.503	289.005
Other assets	20.358.802	12.427	14.527.444	4.578.824	305	1.239.802
Total assets	**488.236.719**	**591.803**	**284.328.927**	**191.073.321**	**461.530**	**11.781.138**
Liabilities						
Funds borrowed and debt securities in issue	112.932.618	430.001	92.963.423	19.497.124	-	42.070
Customer deposit	386.252.818	-	225.086.375	113.340.634	7.969.477	39.856.332
Trade payables	2.259.211	302.669	1.374.484	464.537	17.971	99.550
Other payables and provisions	40.192.269	-	34.913.539	4.711.815	29.726	537.189
Total liabilities	**541.636.916**	**732.670**	**354.337.821**	**138.014.110**	**8.017.174**	**40.535.141**
Net assets/(liabilities) foreign currency position of off-balance sheet derivative financial instruments	**64.158.918**	**-**	**78.698.708**	**(50.996.001)**	**7.292.828**	**29.163.383**
Monetary items net assets/(liabilities) foreign currency position	**10.758.721**	**(140.867)**	**8.689.814**	**2.063.210**	**(262.816)**	**409.380**

Net profit effect of the consolidated to the total net foreign currency position is TRY2.767.348 in the long term as of 31 December 2022 (Akbank excluded).

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

31 December 2021	**Total TRY Equivalent**	**USD TRY Equivalent**	**EUR TRY Equivalent**	**GBP TRY Equivalent**	**Other TRY Equivalent**
Assets:					
Cash and cash equivalents	65.341.654	42.618.054	16.941.312	321.612	5.460.676
Financial investments	88.591.843	78.781.422	7.576.496	-	2.233.925
Receivables from financial operations	164.188.839	61.084.183	103.072.115	8.717	23.824
Reserve deposits at central banks	71.850.576	43.192.745	26.656.138	-	2.001.693
Trade receivables	2.091.945	1.004.496	866.948	9.369	211.132
Other assets	10.411.180	8.486.472	1.442.873	175	481.660
Total assets	**402.476.037**	**235.167.372**	**156.555.882**	**339.873**	**10.412.910**
Liabilities					
Funds borrowed and debt securities in issue	101.537.186	86.026.151	15.455.491	-	55.544
Customer deposit	333.054.179	195.720.896	101.014.944	7.202.675	29.115.664
Trade payables	1.234.301	913.705	259.694	3.786	57.116
Other payables and provisions	22.652.961	20.034.090	2.308.638	119.758	190.475
Total liabilities	**458.478.627**	**302.694.842**	**119.038.767**	**7.326.219**	**29.418.799**
Net assets/(liabilities) foreign currency position of off-balance sheet derivative financial instruments	**68.955.303**	**78.883.798**	**(36.698.038)**	**7.081.888**	**19.687.655**
Monetary items net assets/(liabilities) foreign currency position	**12.952.713**	**11.356.328**	**819.077**	**95.542**	**681.766**

Net profit effect of the consolidated to the total net foreign currency position is TRY7.504.205 as of 31 December 2021 (Akbank and Philsa-Philip Morrissa excluded).

Change of foreign currency has no material effect on financial statements because foreign exchange risk of the Bank is not material.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

The table below summarizes the situations in which the net foreign exchange position in the Group's balance sheet will reach with changes in the exchange rates for the Group companies that are out of the banking industry division in the years ended 31 December 2022 and 2021:

31 December 2022	**Profit/Loss**	
	Appreciation of foreign currency	**Appreciation of foreign currency**
Change in TRY by 20%		
TRY net assets/liabilities	(21.694)	21.694
TRY hedge items (-)	-	-
TRY net effect	(21.694)	21.694
Change in USD against TRY by 20%		
USD net assets/liabilities	1.003.162	(1.003.162)
USD hedge items (-)	-	-
USD net effect	**1.003.162**	**(1.003.162)**
Change in EUR against TRY by 20%		
EUR net assets/liabilities	(74.043)	74.043
EUR hedge items (-)	-	-
EUR net effect	**(74.043)**	**74.043**
Change in GBP against TRY by 20%		
GBP net assets/liabilities	4.171	(4.171)
GBP hedge items (-)	-	-
GBP net effect	**4.171**	**(4.171)**
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(20.892)	20.892
Other hedges items(-)	-	-
Other currency net effect	**(20.892)**	**20.892**

31 December 2021	**Profit/Loss**	
	Appreciation of foreign currency	**Appreciation of foreign currency**
Change in USD against TRY by 20%		
USD net assets/liabilities	1.294.408	(1.294.408)
USD hedge items (-)	-	-
USD net effect	**1.294.408**	**(1.294.408)**
Change in EUR against TRY by 20%		
EUR net assets/liabilities	52.217	(52.217)
EUR hedge items (-)	-	-
EUR net effect	**52.217**	**(52.217)**
Change in GBP against TRY by 20%		
GBP net assets/liabilities	3.126	(3.126)
GBP hedge items (-)	-	-
GBP net effect	**3.126**	**(3.126)**
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(863)	863
Other hedges items(-)	-	-
Other currency net effect	**(863)**	**863**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.2 Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. In addition to the natural hedges that arise from offsetting interest rate sensitive assets and liabilities, the Group also manages this risk through derivative transactions for hedging purposes.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. During 2022 and 2021, the Group's borrowings at floating rates are denominated in TRY, USD, EUR, and GBP.

As of 31 December 2022, and 2021, the interest position table of the Group's non-banking industrial segments is as follows:

	31 December 2022	31 December 2021
Fixed interest rate financial instruments		
Financial assets	9.201.368	1.085.273
Time deposits	9.201.368	1.085.273
Financial liabilities	9.075.253	4.983.474
Floating interest rate financial instruments		
Financial liabilities	4.914.649	2.421.716

The Group created various scenarios for loans with floating interest rates, considering renewal of current positions for non-banking industrial divisions, alternative financing and hedging. According to these scenarios:

At 31 December 2022, if the annual interest rate of variable interest loans in TRY were 10% higher/lower and all other variables remained constant; There is no current period loss before tax as a result of high interest expenses consisting of variable loans. (31 December 2021: none).

If the annual interest rate of loans with floating interest in USD on 31 December 2022 was 1% higher/lower and all other variables stayed the same, current period profits before tax as a result of high interest expenses of various loans would be approximately TRY21.247 higher/lower (31 December 2021: TRY18.460).

At 31 December 2022, if the annual interest rate of variable interest loans in EUR were 1% higher/lower and all other variables remained constant; current period profits before tax as a result of high interest expenses of various loans would be approximately TRY17.842 higher/lower (31 December 2021:TRY13.578).

The average remaining term of the Bank's floating rate borrowings indexed to USD Libor, affected directly by the interest rate reform for Akbank, a group subsidiary, is 2-3 years, and the remaining amount is USD681.550. Foreign currency interest swap transactions were carried out to hedge against the cash flow risk of the above-mentioned borrowing, and these transactions were subject to hedge accounting. No hedge accounting transaction was terminated that fell within the scope of the stipulated exceptions.

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims to maintaining flexibility in funding by keeping committed credit lines available.

i) Banking industrial segment

A major objective of Akbank's asset and liability management is to ensure that sufficient liquidity is available to meet Akbank's commitments to customers and to satisfy Akbank's own liquidity needs. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities. The primary funding sources of Akbank are equity placed in interest bearing assets, well-distributed and stable deposits and medium to long term borrowings obtained from international markets.

In spite of a substantial portion of deposits from individuals being short-term, diversification of these deposits by number and type of depositors together with the past experience of Akbank indicate that these deposits will provide a long-term and stable source of funding for Akbank.

As of 31 December 2022 and 2021 the contractual cash flows of the non-derivative financial liabilities in accordance agreement of the Group companies banking segment are as follows:

	31 December 2022						
Liabilities	**Book Value**	**Contractual cash flows**	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Customer deposits	774.303.686	792.528.555	602.084.433	119.882.185	44.173.419	22.680.664	3.707.854
Funds borrowed and debt securities in issue	123.794.446	136.669.098	867.028	9.411.009	44.739.421	60.442.687	21.208.953
Interbank money market deposits	4.960.574	4.960.574	4.213.065	747.509	-	-	-
	903.058.706	**934.158.227**	**607.164.526**	**130.040.703**	**88.912.840**	**83.123.351**	**24.916.807**

	31 December 2021						
Liabilities	**Book Value**	**Contractual cash flows**	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Customer deposits	512.529.703	525.173.435	424.325.681	47.057.952	35.615.838	12.670.011	5.503.953
Funds borrowed and debt securities in issue	110.953.405	125.605.735	3.007.524	6.783.710	41.482.632	50.688.471	23.643.398
Interbank money market deposits	1.386.882	1.386.882	1.297.321	89.561	-	-	-
	624.869.990	**652.166.052**	**428.630.526**	**53.931.223**	**77.098.470**	**63.358.482**	**29.147.351**

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.3 Liquidity Risk (Continued)

ii) Other industrial segments

The table below depicts the cash outflows the cash outflows of the Group's non-banking industrial segments for the balance sheet liabilities as of the balance sheet date. The amounts shown in the table are the contractual undiscounted cash flow amounts and the Group considers the liquidity management based on the expected undiscounted cash flows.

As of 31 December 2022, and 2021, the Group's analysis of non-derivative financial liabilities of non-banking business segments according to their contractual maturity dates as follows:

31 December 2022	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	13.989.902	13.964.615	3.390.560	4.169.078	5.762.780	642.197
Financial lease liabilities	2.661.871	3.763.952	749.208	435.325	1.743.125	836.294
Trade payables	15.846.832	15.727.923	14.022.868	1.704.062	993	-
Other payables	3.322.108	3.468.114	3.343.064	82.292	42.758	-
	35.820.713	**36.924.604**	**21.505.700**	**6.390.757**	**7.549.656**	**1.478.491**

31 December 2021	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	7.405.189	8.362.630	955.970	4.256.129	2.436.572	713.959
Financial lease liabilities	1.636.764	2.485.095	173.089	372.333	1.421.150	518.523
Trade payables	8.739.683	8.868.421	7.245.648	1.622.773	-	-
Other payables	537.803	722.003	694.094	6.935	20.974	-
	18.319.439	**20.438.149**	**9.068.801**	**6.258.170**	**3.878.696**	**1.232.482**

37.1.1.4 Credit Risk

i) Banking industrial segment

Credit risk of the banking industrial segment is the risk that the counterparties of Akbank may be unable to meet the terms of their agreements. Akbank sets credit limits to counterparties in order to limit the risk of credit risk to credit limitations and does not extend credit limits beyond these limits. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas, and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously defined credit limits are constantly revised as a result of assessing general economic developments and monitoring changes in customers' financial information and activities. Loan limits are provided on the basis of customer-specific types and amounts of guarantees.

Limits determined on the basis of products and customers are taken as a basis in credit transactions, and risk and limit information is constantly checked.

There are risk control limits established against credit risk and market risks on positions held in terms of futures and options contracts and other similar contracts.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

In order to meet and control the credit risks that may arise from fluctuations in foreign exchange and interest rates, futures are also carried out when necessary.

Non-cash loans transformed into cash loans are included in the same risk group as cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk.

Rescheduled or restructured loans are followed by Akbank according to Akbank's credit risk management and follow-up principles. The financial status and business activities of the relevant customer are analysed continuously, and the related units are monitored whether principal and interest payments are made according to the renewed plan.

Within the framework of Akbank's risk management approach, it is assumed that long-term commitments are exposed to more credit risk than short-term commitments and that risk factors such as risk limits and guarantees for long-term risks are covered more broadly than short-term risks.

Akbank's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies.

When considered within the financial activities of other financial institutions, Akbank as an active participant in the national and international banking market is not exposed to a significant credit risk when evaluated together with the financial activities of other financial institutions.

Akbank assesses the credit quality and assigns an internal risk rating to all borrowers and other counterparties based on Advanced Internal Rating Based Approach (Advanced IRB Approach).
With the help of scoring systems created for customers with different features, the probability of counterparty default is calculated and separate rating systems are created for corporate, commercial, SME, consumer and credit card.

Akbank calculates the probability of customers falling into default through the rating systems created for different types of customers. In the table below, concentration information of loans classified using rating systems is given.

	31 December 2022	31 December 2021
Above average	35,31%	45,79%
Average	51,58%	36,19%
Below average	9,56%	12,54%
Unrated	3,55%	5,48%

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

The maximum exposure to credit risk of the banking industrial segment is as follows:

	31 December 2022	31 December 2021
Loans and advances to banks	155.617.489	138.110.805
Loans and advances	603.806.512	384.803.990
Consumer loans and advances	*153.968.106*	*89.408.527*
Corporate loans and advances	*438.197.427*	*287.674.635*
Financial lease receivables	*11.640.979*	*7.720.828*
Financial assets at fair value through profit and loss	10.559.125	10.809.375
Derivative financial assets at fair value through profit and loss	24.326.922	33.597.307
Derivative transactions held for hedges financial assets	24.519.881	16.189.565
Financial assets at fair value through other compherensive income and financial assets measured at amortized cost	269.930.733	152.896.120
Other assets	3.800.398	2.270.533
Total	**1.092.561.060**	**738.677.695**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

Marketable securities of the banking industrial segment as of 31 December 2022 and 2021. Moody's rating analysis of available-for-sale financial assets and held-to-maturity financial assets is as follows:

31 December 2022	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	8.216	10.814.745	-	10.822.961
Aa1, Aa2, Aa3	-	443.456	-	443.456
A1, A2, A3	-	690.854	-	690.854
Baa1, Baa2, Baa3	-	1.551.160	-	1.551.160
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	-	-	-	-
B1, B2, B3	1.714.561	158.197.715	98.102.960	258.015.236
C and Below	2.217	-	-	2.217
NR	-	129.843	-	129.843
Total	**1.724.994**	**171.827.773**	**98.102.960**	**271.655.727**

31 December 2021	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	-	1.326.892	-	**1.326.892**
Aa1, Aa2, Aa3	-	995.229	-	**995.229**
A1, A2, A3	-	587.516	-	**587.516**
Baa1, Baa2, Baa3	-	1.191.288	-	**1.191.288**
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	-	-	-	-
B1, B2, B3	705.886	96.123.130	52.566.569	**149.395.585**
C and Below	91.320	-	-	**91.320**
NR	-	105.496	-	**105.496**
Total	**797.206**	**100.329.551**	**52.566.569**	**153.693.326**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

The geographical distribution of the financial assets of banking industrial segment for the years ended 31 December 2022 and 2021 are summarized as follows:

31 December 2022	**Turkey**	**USA**	**EU Countries**	**Non-EU Countries**	**Total**
Loans and advances to banks	120.501.025	9.587.496	13.443.310	12.085.658	155.617.489
Loans and advances	594.223.789	148.737	7.502.318	1.931.668	603.806.512
Consumer loans and advance	*153.968.106*	-	-	-	*153.968.106*
Corporate loans and advances	*428.614.704*	*148.737*	*7.502.318*	*1.931.668*	*438.197.427*
Financial lease receivables	*11.640.979*	-	-	-	*11.640.979*
Financial assets at fair value through profit and loss	10.550.909	8.216	-	-	10.559.125
Derivative financial assets at fair value through profit and loss	7.666.716	140	16.659.060	1.006	24.326.922
Derivative transactions held for hedges financial assets	44.618	-	24.473.951	1.312	24.519.881
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	256.378.804	10.866.459	2.685.470	-	269.930.733
Other assets	3.800.399	-	-	-	3.800.399
Total	**993.166.260**	**20.611.048**	**64.764.109**	**14.019.644**	**1.092.561.061**

31 December 2021	**Turkey**	**USA**	**EU Countries**	**Non-EU Countries**	**Total**
Loans and advances to banks	84.894.390	11.187.687	41.335.170	693.558	138.110.805
Loans and advances	376.273.520	889.427	6.936.492	704.551	384.803.990
Consumer loans and advance	*89.408.527*	-	-	-	*89.408.527*
Corporate loans and advances	*279.144.165*	*889.427*	*6.936.492*	*704.551*	*287.674.635*
Financial lease receivables	*7.720.828*	-	-	-	*7.720.828*
Financial assets at fair value through profit and loss	10.809.375	-	-	-	10.809.375
Derivative financial assets at fair value through profit and loss	20.572.409	126	12.978.567	46.205	33.597.307
Derivative transactions held for hedges financial assets	62.716	-	16.126.849	-	16.189.565
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	148.795.195	1.326.892	2.774.033	-	152.896.120
Other assets	2.270.533	-	-	-	2.270.533
Total	**643.678.138**	**13.404.132**	**80.151.111**	**1.444.314**	**738.677.695**

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2022 and 2021 are summarized as follows:

	Financial institutions	**Public sector**	**Wholesale and retail**	**Manufactturing**	**Other**	**Other individual**	**Total**
Loan and advances to banks	**155.617.489**	-	-	-	-	-	**155.617.489**
Loan and advances	**51.024.101**	**26.160.837**	**71.778.868**	**197.233.661**	**103.640.939**	**153.968.106**	**603.806.512**
Loan and advances to corporate	50.799.201	26.160.837	71.467.458	190.825.197	98.944.734	-	438.197.427
Consumer oan and expenses	-	-	-	-	-	153.968.106	153.968.106
Financial lease receivables	224.900	-	311.410	6.408.464	4.696.205	-	11.640.979
Financial assets at fair value through profit and loss	**1.156.113**	**602.591**	-	**143.668**	**8.656.753**	-	**10.559.125**
Derivative financial assets at fair value through profit and loss	-	-	-	-	-	-	-
Derivative instruments	**15.787.976**	-	-	-	**7.995.783**	**543.163**	**24.326.922**
Derivative transactions held for hedges financial assets	**24.451.959**	-	-	-	**67.922**	-	**24.519.881**
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	**17.202.042**	**243.849.256**	-	**8.520.107**	**359.328**	-	**269.930.733**
Other assets	**3.800.399**	-	-	-	-	-	**3.800.399**
31 Aralık 2022	**269.040.079**	**270.612.684**	**71.778.868**	**205.897.436**	**120.720.725**	**154.511.269**	**1.092.561.060**
31 Aralık 2021	**216.447.255**	**144.007.685**	**42.220.457**	**131.429.584**	**115.090.005**	**89.482.709**	**738.677.695**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

ii) Other industrial segments

Credit risk for the other than that of the banking segment arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group's exposure to types of financial instruments of other industrial segments as of 31 December 2022 and 2021 is as follows:

31 December 2022	Trade receivables	Receivables from insurance operations	Other receivables (*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C)	**6.608.028**	**-**	**890.193**	**10.471.458**	**33.728**
Collateralized or secured with guarantees part of maximum credit	-	-	-	-	-
A. Restructed otherwise accepted as past due and impaired	6.605.136	-	890.193	10.471.458	33.728
B. Past due but not impaired net book value	2.892	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-
- Past due (Gross amount)	81.746	-	-	-	-
- Impairment	(81.746)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-

31 December 2021	Trade receivables	Receivables from insurance operations	Other receivables (*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C)	**4.260.967**	**-**	**253.276**	**2.071.843**	**1.209.244**
Collateralized or secured with guarantees part of maximum credit	-	-	-	-	-
A.Restructed otherwise accepted as past due and impaired	3.680.869	-	253.276	2.071.843	1.209.244
B.Past due but not impaired net book value	580.098	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-
- Past due (Gross amount)	77.376	-	-	-	-
- Impairment	(77.376)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-

(*) Does not include tax and other legal receivables.

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.5 Value at risk

Stress tests provide indications of the extent of the damage that may occur in unusual circumstances. The stress test conducted by the Akbank Risk Management department includes the interest rate stress test as predicted by Akbank's market risk policies. For all banking transactions except for the trading portfolio, the interest rate risk is monitored under the interest rate risk arising from banking accounts. The results of the stress test are analysed by the Asset and Liability Committee (ALCO).

Calculation and reporting of interest rate risk arising from banking accounts the monthly rate is calculated in accordance with the "Regulation on Measurement and Evaluation of Interest Rate on Banking Accounts Based on Standard Shock" published in the Official Gazette dated 23 August 2011 and numbered 28034.

As of 31 December 2022 and 2021, the fair value changes of Turkish Lira and foreign exchange after performing 500 and 200 basis points in the account balances subject to the calculation is as follows;

		31 December 2022		31 December 2021	
Currency	**Applied Shock (+/- x basis points)**	**Gains /Losses**	**Gains /Shareholders Equity-Losses /Shareholders Equity**	**Gains /Losses**	**Gains /Shareholders Equity-Losses /Shareholders Equity**
TRY	(400)	4.500.137	2,60%	3.147.922	3,13%
TRY	500	(5.047.887)	(2,92)%	(3.614.936)	(3,60)%
USD	(200)	(402.724)	(0,23)%	(24.617)	(0,02)%
USD	200	558.736	0,32%	663.352	0,66%
EUR	(200)	(561.654)	(0,32)%	159.257	0,16%
EUR	200	596.384	(0,34)%	(1.245.563)	(1,24)%
Total (for negative shocks)		**3.535.759**	**2,05%**	**3.282.562**	**3,27%**
Total (for positive shocks)		**(3.892.767)**	**(2,26)%**	**(4.197.147)**	**(4,18)%**

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.5 Value at risk (Continued)

Akbank considers foreign exchange risk and interest rate risk as two significant factors of market risk. Market risk is measured by two method named as "inherent method" and "standard method".

According to the "inherent method", the market risk related to the trading portfolio is measured through the Value at Risk (VaR) approach, which takes into consideration diverse risk factors. To calculate the VaR, the Bank uses the variance-covariance, historical simulation and Monte Carlo simulation methods. The software used for this purpose is able to make calculations based on forward efficiency curves and volatility models. The VaR model is based on the assumption of a 99% confidence interval and a 10-day retention period. VaR analyses are reported daily to senior management and are also used as a risk parameter and limit management tool for the bond portfolio. The Risk Management Committee sets risk limits for market risk and closely monitors the risk limits in the light of market conditions. The risk limits are under authorization bounders and control efficiency is increased.

Var analyses are supported by scenario analyses and stress tests, which are unexpected and unlikely to occur, but take into account the effects of major events and fluctuations in the market. Retrospective testing of model outputs is regularly carried out.

According to the "standard method", market risk is measured on securities portfolio basis in a way that includes the Group's exchange risk daily and weekly, and reported to the senior management.

37.1.2 Capital risk management

The Group manages its capital to ensure that entities in the Group's objectives are to maintain the Group ability to operate in order maintain optimal capital structure in order to benefit other shareholders and reduce capital cost.

In order to maintain or recapitalise the capital structure, the Group will determine the dividend payable to shareholders, issue new shares and sell its assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and tax liabilities (current period and deferred income tax liabilities).

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.2 Capital risk management (Continued)

The net liability/invested capital ratios at 31 December 2022 and 2021 are as follows:

TRY	31 December 2022	31 December 2021
Total financial liabilities	1.045.697.370	716.159.607
Cash and cash equivalents	64.878.197	69.417.883
Net liability	980.819.173	646.741.724
Equity	200.232.559	103.604.182
Invested capital(*)	1.181.051.732	750.345.906
Net liability/invested capital ratio	83%	86%

(*) The capital invested consists of equity and net debt total.

37.1.3 Explanations for Hedging Transactions

At the beginning of hedging relationships, prospective operation tests are carried out. Also, prospective and retrospective operation tests are carried out at the end of each reporting period using the dollar off-set method. According to this method, the value difference between a hedged item at the beginning of the hedging relationship and the end of each report period and the value change of the hedging instrument are compared, and the efficiency ratio of the hedging relationship is calculated. To determine the fair value of the hedging instrument and the hedged item, yield curves, used to value derivative transactions, are used. The operation ratio calculated was assessed using TAS 39, and hedging accounting principles were applied.

In the scope of interest rate benchmark reform, alternative interest rates, which will be accepted and replace the currently used benchmark interests, especially Libor, will be used in 2021. In bank financial statements there are floating rate assets such as securities indexed to benchmark interest rates and loans, as well as liabilities and off-balance instruments such as issued securities, loans obtained and derivative transactions. The early application of the change related to the above-mentioned reform was possible due to September 2019 and December 2020 regulations, and a temporary exemption was granted for practices related to determining hedging accounting cash flow and ending transactions. To assess the impact of interest rate reform on financial statements and reform compliance efforts, a task group was formed. The reform changes were not applied early, and the task group is keeping abreast of the latest developments.

a) Information about net investment hedge accounting:
To hedge against the exchange rate risk arising out of the EUR787.000.000 portion (31 December 2021: EUR787.000.000) of the net investment value of Akbank AG, a subsidiary, the Group uses a net investment hedging strategy. The EUR787.000.000 portion of the syndication loans used by the bank was defined as a hedging instrument.

b) Information about fair value hedge accounting:
In assessments carried out as of 31 December 2022, it was found the fair value hedging transactions were effective. Amounts related to transactions not subject to hedge accounting because the termination, performance or sale of hedging instruments ended hedge accounting or as the result of inefficient efficiency tests, are immaterial.

c) Information about cash flow hedging transactions:
In assessments carried out as of 31 December 2022, it was found the cash flow hedging transactions were effective. Amounts related to transactions not subject to hedge accounting because the termination, performance or sale of hedging instruments ended hedge accounting or as the result of inefficient efficiency tests, are immaterial.

NOTE 38 - FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The estimated fair values of financial instruments have been determined by the Holding and its Subsidiaries and Joint Ventures using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Holding and its subsidiaries and joint ventures could realise in a current market transaction.

The following methods and assumptions were used in estimating the fair value of the financial instruments for which the fair value of the Group can be determined:

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value.

The fair values of certain financial assets carried at cost including cash and due from banks, deposits with banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature. The fair value of investment securities has been estimated based on the market prices at balance sheet dates.

The trade receivables along with the related allowances for doubtfull receivables uncollectibility are carried at amortised cost using the effective yield method, and hence are accepted to approximate their fair values.

Financial liabilities

The fair value of short-term funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at floating rates and denominated in foreign currencies, are translated at year-end exchange rates and accordingly their carrying amounts approximate their fair values.

Trade payables are valued at amortized cost using the effective interest method and are thus considered to approximate their fair values.

Derivative financial instruments

The fair value of forward foreign exchange contracts and currency/interest rate swaps is estimated based on quoted market rates prevailing at the balance sheet date.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 38 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (Continued)

Banking

Fair value classifications of the financial assets and liabilities of the Group carried at fair value is as stated below:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);

c) Inputs for the asset or liability that are not based on observable market data (Level 3).

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2022 and 2021 are as follows:

31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	540.826	61.765	-	602.591
- Marketable Securities Representing Capital Share	6.591.527	-	-	6.591.527
- Other Financial Assets *	674.946	2.690.062	-	3.365.008
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	142.952.758	-	-	142.952.758
- Other Financial Assets	21.691.084	7.183.931	-	28.875.015
Time Deposit	1.732.345	-	-	1.732.345
Derivative Financial Assets at				
- Fair Value Through Other Comprehensive Income	-	20.877.144	-	20.877.144
- Fair Value Through Profit or Loss	-	28.003.385	-	28.003.385
Borrowings	-	629.170.843	-	629.170.843
Financial Assets measured at amortized cost (Net)				
- Government Debt Securities	132.391.110	-	-	132.391.110
- Other Financial Assets	1.308.045	-	-	1.308.045
Total Assets	**307.882.641**	**687.987.130**	**-**	**995.869.771**
Derivative Financial Liabilities	-	15.107.050	-	15.107.050
- Reflected on Other Comprehensive Income	-	494.477	-	494.477
- Reflected on Profit or Loss	-	14.612.573	-	14.612.573
Financial Liabilities at Fair Value				
- Customer Deposit	-	654.794.094	-	654.794.094
- Interbank money market deposits, fund borrowed and debt securities in issue	-	123.088.732	-	123.088.732
Total Liabilities	**-**	**792.989.876**	**-**	**792.989.876**

(*) The fair value of the financial asset, which is considered as Level 3, has been determined based on the results of the study, which includes various valuation methods. Possible changes in the basic assumptions in the said valuation study may affect the carrying value of the loan.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 38 - FINANCIAL INSTRUMENTS (Continued)

31 December 2021	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	510.166	68.564	-	578.730
- Marketable Securities Representing Capital Share	1.073.896	-	-	1.073.896
- Other Financial Assets *	427.561	1.386.279	7.342.909	9.156.749
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	78.655.303	-	-	78.655.303
- Other Financial Assets	18.560.951	3.113.297	-	21.674.248
Time Deposit	363.620	-	-	363.620
Derivative Financial Assets at				
- Fair Value Through Other Comprehensive Income	-	13.432.561	-	13.432.561
- Fair Value Through Profit or Loss	-	37.563.554	-	37.563.554
Borrowings	-	386.612.711	-	386.612.711
Financial Assets measured at amortized cost (Net)				
- Government Debt Securities	51.659.629	-	-	51.659.629
- Other Financial Assets	906.940	-	-	906.940
Total Assets	**152.158.066**	**442.176.966**	**7.342.909**	**601.677.941**
Derivative Financial Liabilities	-	25.933.737	-	25.933.737
- Reflected on Other Comprehensive Income	-	489.271	-	489.271
- Reflected on Profit or Loss	-	25.444.466	-	25.444.466
Financial Liabilities at Fair Value				
- Customer Deposit	-	512.529.703	-	512.529.703
- Interbank money market deposits, fund borrowed and debt securities in issue	-	-	-	-
Total Liabilities	**-**	**538.463.440**	**-**	**538.463.440**

(*) The fair value of the financial asset, which is considered as Level 3, has been determined based on the results of the study, which includes various valuation methods. Possible changes in the basic assumptions in the said valuation study may affect the carrying value of the loan.

The shares classified in financial assets whose fair value is not traded in the organized markets and whose fair values cannot be determined reliably are reflected in the consolidated financial statements after deducting the provision related to the depreciation, if any, over the value loss. There was no transfer between the levels in the current year and the past year.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 38 - FINANCIAL INSTRUMENTS (Continued)

Classification of financial instruments and fair value

31 December 2022	Note	Financial Assets at Amortised Cost	Loans and receivables (cash and cash equivalents included)	Financial assets through other comprehensive income	Financial liabilities measured at amortized cost	Book value	Fair value
Financial Assets							
Cash and cash equivalents	5	-	64.878.197	-	-	64.878.197	64.878.197
Trade receivables	9	-	6.608.028	-	-	6.608.028	6.608.028
Other financial asset (*)	6,10	106.082.255	11.027.961	176.071.505	-	293.181.721	328.777.915
Receivables from financial operations	32	-	607.046.153	-	-	607.046.153	629.170.843
Financial Liabilities							
Financial payables	7	-	-	-	136.917.966	136.917.966	136.917.966
Trade payables	9	-	-	-	15.486.832	15.486.832	15.486.832
Other financial liabilities (**)	10	-	-	-	51.116.753	51.116.753	51.116.753
Payables from financial operations	33	-	-	-	774.303.686	774.303.686	775.809.561
31 December 2021							
Financial Assets							
Cash and cash equivalents	5	-	69.417.883	-	-	69.417.883	69.417.883
Trade receivables	9	-	4.260.967	-	-	4.260.967	4.260.967
Other financial asset (*)	6,10	57.530.511	4.620.138	102.931.571	-	165.082.220	170.913.582
Receivables from financial operations	32	-	386.612.711	-	-	386.612.711	397.664.424
Financial Liabilities							
Financial payables	7	-	-	-	117.768.234	117.768.234	117.768.234
Trade payables	9	-	-	-	8.739.683	8.739.683	8.739.683
Other financial liabilities (**)	10	-	-	-	24.137.936	24.137.936	24.137.936
Payables from financial operations	33	-	-	-	512.529.703	512.529.703	513.764.677

(*) Other financial assets consist of other receivables, available-for-sale securities, time deposits and securities held for to maturity.
(**) Other financial liabilities consist of other payables.

NOTE 39 - EVENTS AFTER THE REPORTING PERIOD

In the scope of the share buy-back program started by the Board of Directors on 9 November 2021 based on the matched transactions fulfilled after 31 December 2022 as of the report date, shares worth full TRY9.840, representing 0,48% of the Sabancı Holding Capital, were bought back for TRY391.683, including transaction costs. By the president's decision, with the decision of the Official Gazette dated February 14, 2023, the withdrawal rate made on the shares or partnership shares of the full taxpayer or the partnership shares, the withholding rate was reduced to zero.

Regarding the reporting period that ended on 31 December 2022 after the earthquakes in our country on February 6, a limited time has passed to evaluate the reflections of the disaster on economic activity. All developments closely monitoring in order to manage its negative effect on the Group's consolidated financial situation, consolidated financial performance and consolidated cash flows. Group management predicts that despite the current uncertainties, the Group's business risks, and liquidity reserves will have limited impact.

Akbank's Board of Directors decided to authorize the management to establish a 100% owned subsidiary in the Netherlands named Akbank Ventures BV, with USD 30.000 initial capital, to be able to invest in technology ventures, to undertake required applications and obtain legal approvals for the establishment of the company.

Akbank Board of Directors decided that meeting dated February 16, 2023, in order to support healthy price formations and stability at Akbank shares and to protect the interests of investors; a share buy-back shall be initiated pursuant to Capital Market Board's Communique II-22.1 on Share Buybacks and the decision of the Capital Markets Board and the Principle Decision numbered 9/177 announced by the Capital Markets Board's bulletin numbered 2023/10 dated February 14, 2023, up to 5.200.000.000 shares with a nominal value of TRY52.000 representing 1% of Bank's issued share capital shall be repurchased, total maximum funds allocated for share buy-back transactions shall be determined as TRY1.000.000 the share buy-back shall be put on the agenda of the first following general assembly meeting, and shall be presented to the information of the shareholders at the general assembly, share buy-backs shall be conducted from the date of this decision until December 31, 2023 and the Head Office shall be authorized in matters related to the share buy-backs.