

**MUFG BANK  
TURKEY  
ANNUAL  
REPORT  
2022**



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**We build  
financial  
bridges  
between  
Turkey and  
Japan.**



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# 2022 Highlights

## Total Assets

TRY 36,635 million

## Loan Volume

TRY 21,127 million

## Capital Adequacy Ratio

19.16%

## Net Profit

TRY 547 million

## Deposit Volume

TRY 2,201 million

## Total Equity

TRY 2,008 million

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# MUFG's Global Network



Over 180,000 employees across more than 50 countries worldwide...



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# The MUFG Way

## Committed to empowering a brighter future

At MUFG, our commitment to our clients, our communities, and society goes further than our vision to be the world's most trusted financial group.

### Our Mission

To contribute to the growth of Turkey by utilizing MUFG's global network and financial strength

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### Our Vision

Be the most trusted financial institution for our clients, stakeholders and communities;

Be the financial bridge between both Turkey and Japan, and Turkey and the World;

Support our clients locally and globally.





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## Our Values

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### **Integrity and Responsibility**

Strive to be fair, transparent and honest. Always act responsibly in the best interest of clients and society as a whole, building long-term stakeholder relationships and giving back to our communities.

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### **Professionalism and Teamwork**

Respect the diversity of our fellow workers and foster a strong spirit of teamwork. Expect the highest levels of professionalism.

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### **Challenge Ourselves to Grow**

Adopt a global perspective to anticipate trends and opportunities for growth. Create and sustain a responsive and dynamic workplace where everyone can focus on providing outstanding client service and embrace new challenges.

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# Board of Directors Declaration

## 2022 FISCAL YEAR ANNUAL ACTIVITY REPORT

The attached annual activity report, covering our Bank's activities for the fiscal year 2022, has been prepared in line with Article 40 of the Banking Law and the Regulation on the Principles and Procedures Concerning the Preparation of the Annual Report by Banks, to present to the approval of the General Assembly.

MUFG BANK TURKEY A.Ş.  
BOARD OF DIRECTORS

**Ali Vefa Çelik**  
Chairman

**Akifumi Fujimoto**  
Vice Chairman

**Çetin Özbek**  
Board Member / Audit  
Committee Chairman

**Nicola Louise Wickes**  
Board Member/ Audit  
Committee Member

**Takeru Kawabata**  
Member / Audit  
Committee Member

**Masatoshi Ban**  
President

**Hülya Erođlu**  
Member

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# Agenda of the Ordinary General Assembly

## AGENDA OF MUFG BANK TURKEY A.Ş. YEAR 2022 ORDINARY GENERAL ASSEMBLY MEETING DATED 23 MARCH 2023

1. Opening and appointment of the Meeting Board,
2. Discussion and approval of the Annual Activity Report of the Board of Directors for the financial year 2022,
3. Discussion on the Independent Auditor's Report for the financial year 2022,
4. Discussion and approval of financial statements for the financial year 2022,
5. Release of the Members of the Board of Directors for the year 2022 on an individual basis,
6. Informing the General Assembly on the bonus payment of the year 2021 which had been distributed to the employees at the year 2022,
7. Discussion on use of profit and determination of dividend distribution,
8. Discussion on the bonus payment of the year 2022 which will be distributed to the employees in 2023,
9. Discussion on the payments made to the Board of Directors members with regards to their activities as the members of Audit Committee and other committees and their other work and duties at the Bank within 2022,
10. Election of BoD Members,
11. Discussion on the rights of the Board of Directors members as remuneration payment, attendance fee and bonus,
12. Appointment of the Independent Auditor for financial year 2023,
13. Discussion on the permission to Board of Directors members in line with articles 395 and 396 of TCC regarding to conduct business within the field of Bank's activity area or conduct such business on behalf of a third party,
14. Wishes and Closing.

**Berna Canbulat**  
Deputy President

**Masatoshi Ban**  
President

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# Independent Auditor's Report on the Management's Annual Report



## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of MUFG Bank Turkey A.Ş.

### 1. Opinion

We have audited the annual report of MUFG Bank Turkey A.Ş. (the "Bank") for the 1 January - 31 December 2022 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Bank's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set unconsolidated financial statements and with the information obtained in the course of independent audit.

### 2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the scope of "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015. Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Bank 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.

### 3. Our Audit Opinion on the Full Set Unconsolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 1 March 2023 on the full set unconsolidated financial statements for the 1 January 2022 - 31 December 2022 period.



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#### 4. Board of Director's Responsibility for the Annual Report

Bank management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No. 26333 dated 1 November 2006 are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Bank's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
  - events of particular importance that occurred in the Bank after the operating year,
  - the Bank's research and development activities,
  - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Banking Regulation and Supervision Agency, Ministry of Trade and other relevant institutions.

#### 5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited unconsolidated financial statements of the Bank and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited unconsolidated financial statements and with the information obtained in the course of audit.

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

Zeynep Uras, SMMM  
Partner

Istanbul, 10 March 2023





# Who We Are?



# MUFG Bank Turkey A.Ş. (MUFG Bank Turkey) at a Glance

The roots of MUFG Bank Turkey date back to the Bank of Tokyo, which embarked on its journey in Turkey through the establishment of a Representative Office in Istanbul in 1986.



|                        |  |
|------------------------|--|
| Date of Operations     | November 28, 2013  |
| Main Shareholder       | MUFG Bank, Ltd.  |
| Chairman of the Board  | Ali Vefa ÇELİK   |
| President              | Masatoshi BAN  |
| Paid-in Capital        | TRY 527,700 Thousand   |
| Registered Capital     | TRY 527,700 Thousand   |
| Trade Registration No. | 855649   |
| Target Client Base     | Japanese companies active in Turkey, financial institutions, subsidiaries and companies of multinational companies active in Turkey and blue-chip Turkish companies active in the public and private sectors in Turkey |
| Activities             | Deposit, cash and non-cash credits, foreign trade transactions, supplier finance, payments, foreign currency and treasury transactions in corporate banking  |
| No. of Employees       | 80 (as of the end of 2022)   |
| No. of Clients         | 136  |
| Total Assets           | TRY 36,635 Million (as of the end of 2022)   |

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MUFG Bank is one of the oldest Japanese Institutions with an established office in Turkey.

**The Foundation Date of MUFG Bank Turkey**

**1986**

**Registered Capital**

**TRY 527,700  
Thousand**

The history of our Bank dates back to the Bank of Tokyo, which embarked on its journey in Turkey through the establishment of a Representative Office in Istanbul in 1986.

Our shareholder, which merged with Mitsubishi Bank and later UFJ Bank to form what is now called MUFG Bank, Ltd., is one of the oldest Japanese institutions with an established office in Turkey.

In December 2012, MUFG obtained approval to establish a banking subsidiary in Turkey, a country of significant geostrategic importance serving as a bridge between Europe and Asia. Following the acquisition of an operation license in September 2013 with the resolution of the Banking Regulation and the Supervision Board, MUFG Bank Turkey A.Ş. (MUFG Bank Turkey) opened its doors for business on November 28, 2013.

MUFG Bank Turkey supports local and international corporate clients- especially Japanese firms located in Turkey- with a wide range of banking services. Dedicated to serving our clients through value-added products, high standards of service, and utilizing MUFG's global network, MUFG Bank Turkey continues to take concrete steps towards the delivery of its aspiration of sustainable growth from its establishment into the future.

# MUFG Group Structure and MUFG Bank Turkey





\* Equity method affiliates.

# Mitsubishi UFJ Financial Group (MUFG)

MUFG is engaged in a wide range of businesses including Securities, Asset Management and Investor Services.

Total Number of Employees in MUFG Globally

**180,000**

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Operating in over

**50 countries**

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Total Assets

**USD 3.0 trillion**

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Our group, MUFG, is one of the world's leading financial groups in terms of total assets and is among the global systemically important financial institutions (G-SIFIs) with a wide range of businesses and the largest global network among Japanese financial institutions.

Under its premier commercial banking arm, MUFG Bank Ltd., encompassing the Asia Pacific region, MUFG has Bank of Ayudhya, Thailand's fifth largest bank, Bank Danamon, Indonesia's fifth largest bank, and consolidated subsidiaries and strategic investments in Vietin Bank and Security Bank, major commercial banks based in the Vietnam and Philippines respectively. In addition to commercial banking, MUFG is engaged in a wide range of businesses including Securities, Asset Management and Investor Services. In 2018, we celebrated the tenth anniversary of our successful strategic partnership with Morgan Stanley.

As of September 2022, MUFG's total assets are USD 3.0 trillion. With more than 180,000 employees in over 50 countries worldwide, MUFG provides comprehensive and flexible solutions to meet the wide range of financial needs for its clients.





# Capital Structure, Changes within the Year, Qualified Shareholders & Executive Shares

| Shareholders    | TRY                   | (%)              |
|-----------------|-----------------------|------------------|
| MUFG Bank, Ltd  | 527,699,996.00        | 99.99% (Group A) |
| Kozo Taniwaki   | 1.00                  | 0% (Group B)     |
| Atsushi Yoshida | 1.00                  | 0% (Group B)     |
| Naoya Ihara     | 1.00                  | 0% (Group B)     |
| Rui Miyamoto    | 1.00                  | 0% (Group B)     |
| <b>Total</b>    | <b>527,700,000.00</b> | <b>100%</b>      |

There has not been any changes in the capital structure of our Bank in 2022.

We do not have any qualified shareholders in our Bank, and our Chairman, Vice Chairman and Members of Board of Directors as well as our President do not own any shares. Our Deputy President Mr. Kozo Taniwaki and Director (equal to Deputy President) Mr. Atsushi Yoshida owns shares of 0% (Group B).

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# Extraordinary General Assembly Meetings within the Year

No Extraordinary General Meeting has been held in 2022.

# Amendments to the Articles of Association

There has been no amendment to the Articles of Association in the year 2022.

# Subsidiaries

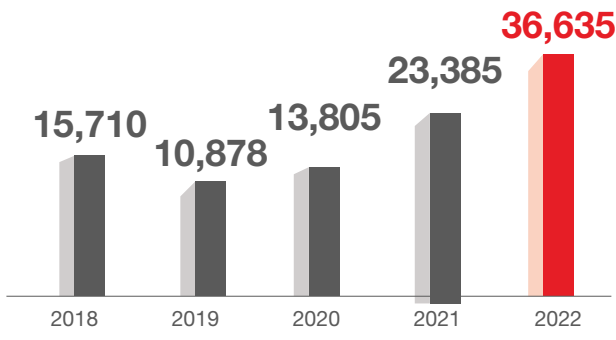
No subsidiaries have been owned.

# Yearly Financial Indicators

MUFG Bank Turkey strives to establish a consistently profitable business structure.

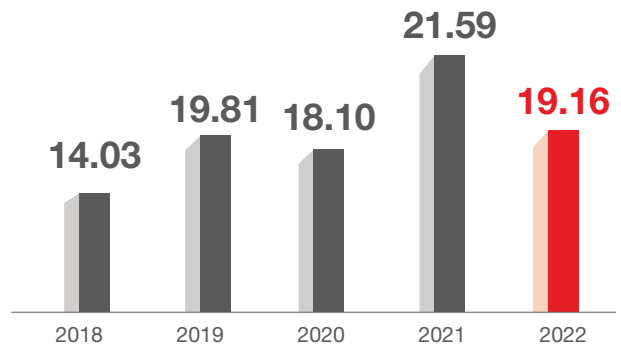
## Total Assets TRY Million

MUFG Bank Turkey's total assets realized TRY 36,635 million by the end of 2022.



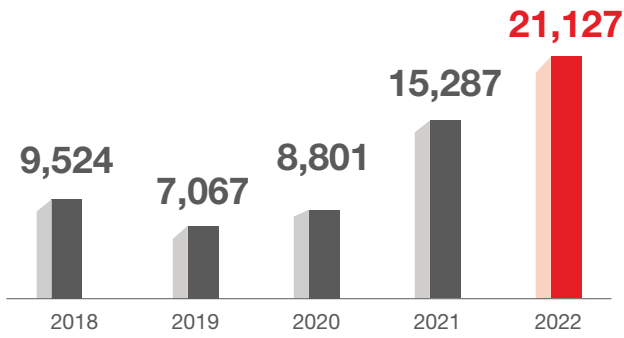
## Capital Adequacy Ratio %

MUFG Bank Turkey reinforced its powerful capital structure with a capital adequacy ratio of 19.16%



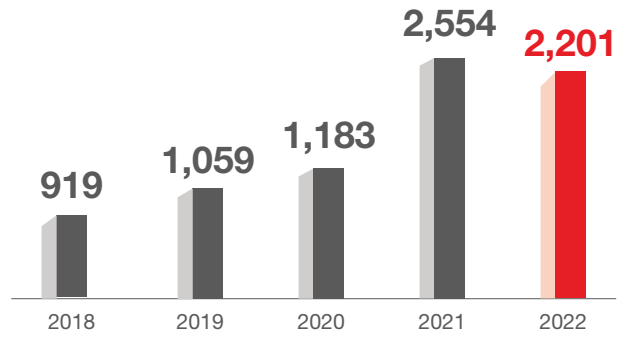
## Credit Volume TRY Million

In 2022, MUFG Bank Turkey's credit volume (net) realized TRY 21,127 million.



## Deposit Volume (Except for Bank's Deposit) TRY Million

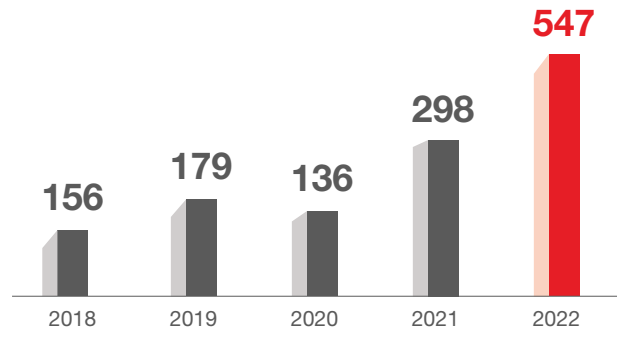
MUFG Bank Turkey's deposit volume realized TRY 2,201 million.





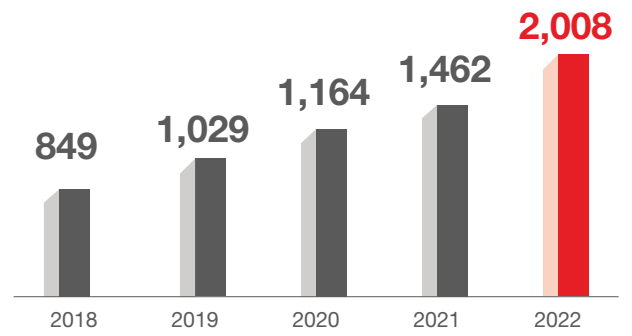
### Net Profit TRY Million

In its ninth year of operations, MUFG Bank Turkey's net profit stood at TRY 547 million.



### Total Equity TRY Million

As of 31 December 2022, MUFG Bank Turkey's equity has been reported as TRY 2,008 million.



# Evaluation of our Bank's Position in the Sector

MUFG Bank Turkey's mission is to support Turkey, which has the potential for economic growth, and the development process of Turkish-Japanese relations by meeting the needs of its clients.

MUFG Bank Turkey operates as a single entity with the mission of acting as a boutique bank, mainly addressing Japanese clients domiciled in Turkey, top-tier Turkish corporation, local and foreign financial institutions and multinational corporation active in Turkey. Our mission is to support the development process of Turkey and Turkish-Japanese relations by catering to the needs of our clients in this strategically important market with potential for economic growth.

The business model is entirely based on the concept of tending to the corporate banking and financing needs of the above-specified client base, with no services designed for individuals.

MUFG Bank Turkey's competitive edge derives mainly from its strong financial structure, capacity to fully meet the financial needs of both local and multinational large firms through a variety of international financing services and products, the extensive global network and clients base of MUFG, especially in the Asia Pacific region, its expertise and experience in corporate banking, and most importantly its commitment to build long-standing relations with clients rooted in its vision to "Be the world's most trusted financial group."

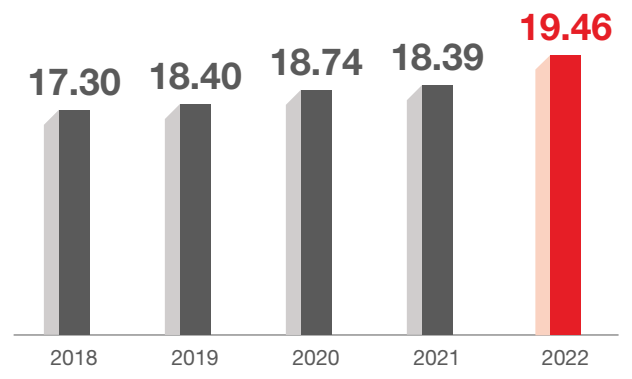
MUFG's international client base, carefully cultivated over the years to sustain long-term relationships, tend to opt for doing business with MUFG locally. In addition to the advantages brought forward by MUFG Bank Turkey's financial and technical knowledge and experience in banking, this reputational attention creates an added edge for our Bank among its peers.

Now, we are proud to have a good relationship with most Japanese companies in Turkey, and our business with global and leading Turkish firms has steadily increased since our establishment.



### Capital Adequacy Ratio of Turkish Banking Sector (%)

Capital adequacy ratio of Turkish Banking Sector realized as 19.46% in December 2022.



# Research and Development Activities

MUFG Bank Turkey has been working on setting the infrastructure to widen the product range to include fixed income securities and access to alternative funding sources.

The product portfolio of MUFG Bank Turkey covers the basic commercial banking products including all types of cash and non-cash lending, cash management and trade finance on corporate banking, while spots, forwards and options are offered to clients on the treasury side. Bank’s treasury team had finalized its long term project for setting the infrastructure for fixed-income securities to create access for alternative funding sources whereas our Bank’s activity under Borsa Istanbul markets is increasing since we became a member. On the other hand, infrastructure activities to add new treasury products are under study to expand product list throughout 2023 in order to support clients in hedging of their foreign exchange and various risks.

Bank’s Treasury Department has a special interest with TLREF indexed instruments, which have started to become utilized more actively in recent years. Treasury Department continues to work on the project feasibility along with other important initiatives related to foreign exchange and interest rate related instruments in order to better serve client needs under the changing market environment. In parallel to the project for starting utilization of new benchmark rates in foreign currency loan products (given Libor reform occurring in global markets) Treasury Department is planning to initiate TLREF indexed Turkish lira loan products for clients in the upcoming year, as the new RFR benchmark interest rating infrastructure and requirements have been completed.

Separately, Treasury Department successfully completed all process for system infrastructure for the security investment on Turkish Treasury issued TLREF indexed bond and is planning to invest in these in the event of more favorable market conditions and more supportive balance sheet requirements.





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# Credit Rating System

MUFG Bank Turkey uses a credit rating system/ methodology to ensure efficient measurement and evaluation of the Credit Risk.

## Rating and Assessment Models

The credit allocation is performed on a borrower and a borrower risk group basis within the limits and updated on a defined frequency based on market developments.

The Bank uses a credit rating system/methodology to ensure efficient measurement and evaluation of the Credit Risk. The rating methodology evaluates the overall Credit Risk of each borrower.

The Bank uses three main factors for internal credit rating system. These are financial data, non-financial data and expert opinions. Financial data consists of safety, profitability, growth, asset size, cash generation ratios and turnover volume. Non-financial data consists of industry, management, funding availability and legal risks as well as business model, location and intercompany relations analysis. The Bank also measures the credit rating of companies by making comparisons with the external ratings.



# Assessment of Financial Status, Profitability and Solvency

Based on its specific needs, MUFG Bank Turkey receives short, medium and long-term funding from domestic and international markets.

MUFG Bank, Ltd. (MUFG) was granted the permit to establish a deposit bank in Turkey through the Banking Regulation and Supervision Agency's 5108 numbered and 20 December 2012 dated resolution. MUFG Bank Turkey received its operational permit through the Banking Regulation and Supervision Agency's 5520 numbered and 19 September 2013 dated resolution, issued in the 28775 numbered and 24 September 2013 dated Official Gazette and launched its operations on 28 November 2013, as a foreign capital bank established in Turkey.

As of 31 December 2022, the Bank's total assets stood at TRY 36,635 million, total loans (net) at TRY 21,127 million and client deposits except for Bank's deposits at TRY 2,201 million. Based on its specific needs, the Bank receives short, medium- and long-term funding from domestic and international markets.

In its ninth year of operations, the Bank's net income after tax & provisions stood at TRY 547 million. As of 31 December 2022, the Bank's equity has been reported as TRY 2,008 million, while its capital adequacy ratio stood at 19.16%.





# Message from the Chairman and President

As a proud member of the MUFG family, we are committed to building long-standing relationships with our clients, our employees and Turkish society.

Dear Stakeholders,

MUFG Bank Turkey continued to maintain its stability by expanding its financial power in 2022. We have maintained our successful performance since November 2013, when we started our journey in Turkey.

In the light of MUFG's vision of "being the most reliable financial institution in the world"; as MUFG Bank Turkey, we are committed to establishing deep-rooted relationships with our clients, employees and Turkish society. With the pride of being a part of MUFG, we continue to work consistently and with high quality beyond the expectations of our clients.

With the awareness of providing reliable and permanent solutions, we attach great importance to client loyalty. Our mission is to grow as the "preferred" bank both in the world and in Japan and to consolidate our global awareness.

## A challenging year for both the global and domestic economy

During year 2022, while negative impacts of coronavirus finally diminished on Turkey's economic activities with easing restrictions helping strong recovery for domestic demand and tourism revenues, Russia-Ukraine war provided negative impact to global supply channels to trigger sharp spike on commodities prices which has been one of the major reasons for the high increase of inflation rate and the widening of current account deficit. Russia-Ukraine war and climate crisis related shortages in food supplies resulting price increases in food and high prices in energy supplies caused additional inflationist pressures in global economies and in our country. Faster monetary policy tightening seen in US (FED) and Europe Central Banks' (ECB) policy rates as countermeasure to rising inflation which hit four decades high.

On the other hand, the removal of Covid19 restrictions with end of bans provided positive impact to economic activities and provided strong recoveries for some sectors, especially tourism revenues increasing to record highs as main beneficiary. However, the Russia-Ukraine war related geopolitical uncertainties, the tightening in global financial and the decline in risk appetite caused portfolio outflows from Turkey and increase of risk premium and the exchange rate volatility increase in Turkey. As in many countries, policymakers in Turkey introduced the monetary and fiscal measures to control the adverse impacts of the high inflation.

During the year a strong outlook observed for the domestic macroeconomic environment. In the second half, policy rate decreases triggered high volatilities for the foreign currency rates whereas total country export volume increased to record high with strong external demand. Turkey's economy is expected to continue positive growth in 2023 with the solid trend in tourism and the further recovery of trading partner growth amid recovering international relations on some key markets, as well as benefiting from pro-growth initiatives to keep domestic demand strong ahead of elections. Although showing a decreasing trend, high inflation rate is seen as one of major challenge for the economy during year 2023 together with political uncertainties for aftermath of the elections.

Despite the many obstacles faced by Turkey's economy, thanks to timely and appropriate measures taken by the Central Bank and the Banking Regulation and Supervision Agency, the Turkish banking industry remained resilient and sound.

Even in this difficult global and domestic environment, MUFG Bank Turkey achieved its both profitability and strategic activity targets in 2022.



**Masatoshi Ban**  
President

**Ali Vefa Çelik**  
Chairman of the Board

## At year-end 2022, MUFG Bank Turkey reported total assets of TRY 36,635 million.

At year-end 2022, MUFG Bank Turkey reported total assets of TRY 36,635 million. Loans, the major component of our Bank's assets, totalled TRY 21,127 million at year end and our loan portfolio consists of 9% TRY and 91% foreign currencies denominated loans. Receivables from banks, the other key item of the Bank's assets, amounted to TRY 2,705 million excluding receivables from the Central Bank.

On the liabilities side, MUFG Bank Turkey's borrowings totalled TRY 20,901 million in 2022. Demand and time deposits from non-Bank clients amounted to TRY 2,201 million. As of end of 2022, by addition of annual net profit with an amount of TRY 547 million, the Bank's shareholders' equity reached to of TRY 2,008 million. On the other hand, the equity considered for the calculation of the capital adequacy ratio was TRY 2,121 million while the capital adequacy ratio as of end the year realized as 19.16%.

MUFG Bank Turkey reported a net interest income of TRY 658 million in 2022. Profit before taxes from continuing operations amounted to TRY 730 million. The Bank's net profit after tax and provisions was TRY 547 million for the fiscal year. In 2022, our return on average equity was realized as 31.5%.

In addition to striving to achieve its financial targets, MUFG Bank Turkey is working to make a positive social impact.

MUFG Bank Turkey started 3 years partnership with Parİlti Association (Parİlti) in 2021. Parİlti's aim is to support children who have vision impairments, in terms of social life and educational environment from their birth to the end of their education period, and MUFG Bank Turkey is excited to continue to support their aim with volunteer activities.

The amount of donations collected from the sale of the children's book "Pen Pals", which was published in this context, from the open bazaars held in various schools and festivals, from the Istanbul Marathon attended by our employees, from the 'Fitprints for Good' organisation held in the global arena, and finally from all the activities conducted within the framework of Culture Week have made a positive impact on Parİlti both materially and morally. MUFG Bank Turkey's social responsibility projects will continue in the future to raise awareness.

### We build financial bridges between Turkey and Japan.

Our mission is to support Turkey's economic development and Turkish-Japanese trade and investment relations by catering to the needs of our clients in this strategically important, high growth market. At MUFG Bank Turkey – the only Japanese bank with a banking license in Turkey – we aim to ramp up our business activities, driven by our reliable financial services, and our deep conviction and commitment to both our clients and the Turkish market.

Under the current turbulent environment, MUFG Bank Turkey understands that a long-term perspective is necessary to sustain its success. We are aware of the importance of first, correct reading of emerging long-term trends and identifying the real issues Turkey and our customers will face, secondly helping to solve these issues by taking advantage of our key capabilities that gives strength and our competitive power and thirdly, investing in our team to prepare for this ever-changing environment and full of challenges.

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## At MUFG Bank Turkey, we aim to ramp up our business activities driven by our deep belief and commitment to our clients and the Turkish market.

At MUFG Bank Turkey, we provide strong support to our client base – such as Japanese companies operating in Turkey or looking for opportunities to operate in Turkey, and Turkish and multinational enterprises seeking to collaborate with Japanese companies – by capitalizing on our robust commercial banking capabilities and global network.

We believe that this approach will have a positive impact on our clients, on Japan-Turkey relations and for Turkey, as we work together to address hurdles and to grow.

To serve our clients better and keep pace with rapid changes in client requirements, MUFG Bank Turkey will continuously strengthen our organization, expand our product and service coverage, and diversify our funding capabilities, as well as maintaining the highest standards of stability and trustworthiness.

MUFG; announced the MUFG Carbon Neutrality Declaration, which aims to address climate change, one of the most important challenges facing humanity, and included the current work and future initiatives within the scope of MUFG.

As MUFG Bank Turkey, as of December, negotiations with WWF (World Wildlife Fund) started in order to increase sustainability with a more environmentally friendly approach. In line with these meetings, it is planned to continue working in 2023 in order to realize the aim of becoming a “Green Office”.

While trends such as environmental friendly, supporting sustainable life and digitalization continue to accelerate, our stakeholders have high expectations from MUFG in terms of providing reliable next generation financial services to the society.

We’d like to thank; all our employees who have operationally supported us in achieving this extraordinary success; our strategic partners who support us without hesitation, and most importantly, our clients who trust us to take firm steps for the future. We will continue to find solutions suitable for transformation, taking full advantage of MUFG’s strengths, as part of our commitment to empowering a brighter future.

Respectfully yours,

**Ali Vefa Çelik**  
Chairman of the Board

**Masatoshi Ban**  
President







# Management & Corporate Governance



# Board of Directors

## **Ali Vefa Çelik** Board Chairman

Ali Vefa Çelik graduated from the Management Department of the Administrative Sciences Faculty of Middle East Technical University, Turkey. He began his banking career at the Central Bank of the Republic of Turkey (CBRT) in 1978 after receiving his Master's degree from Meiji University, Tokyo. He worked at CBRT between 1978-2006 in various high-level posts as the General Manager of Banking, General Manager of Accounting, General Manager for Credits and as the Representative of CBRT in Tokyo. He also served as the Secondary Chairman of the Banking Regulation and Supervision Agency of Turkey and the Savings Deposit and Insurance Fund in 2001 and as a Member of the Board of Directors of the Central Bank of the Turkish Republic of Northern Cyprus between 2002 and 2003. As a member of the Board of Directors of the MUFG Bank Turkey since June 2013, Çelik undertook the role of Chairman of the Audit Committee between 2013 and 2016. He was assigned the role of Vice Chairman in July 2015 and Chairman of the Board of Directors in February 2016.

## **Hidefumi Yamamura** Board Vice Chairman (January – July 2022)

Hidefumi Yamamura was educated at Keio University in Tokyo, where he received a Bachelor's of Economics degree and he also holds a Master's degree in Law and Diplomacy from Tufts University, Fletcher School of Law & Diplomacy. He is Deputy Regional Executive for EMEA of MUFG Bank since April 2022. He has over 29 years' experience in banking, having worked across Japan, the USA and EMEA and mainly developing his career in strategic planning, corporate governance and regulatory related matters. In October 2018, he was appointed as the Vice Chairman of the Board of Directors of MUFG Bank Turkey. He resigned from his position as of 20 July 2022.

## **Akifumi Fujimoto** Board Vice Chairman

Akifumi Fujimoto earned a Bachelor degree for the faculty of Law at the University of Tokyo, and an MBA at the Massachusetts Institute of Technology. Fujimoto is the Chief of Staff for EMEA at MUFG. He has over 25 years' experience in banking, having worked across Tokyo, NY and London, mainly developing his career in Strategy, Risk Management, Capital Markets, and Credit Portfolio Management. He is a chartered financial

analyst of the CFA Institute, and a Certified Member Analyst of the Securities Analysts Association of Japan. In July 2022, he was appointed as the Vice Chairman of the Board of Directors of MUFG Bank Turkey.

## **Masatoshi Ban** Board Member and President

Masatoshi Ban received a Bachelor's of Economics degree from Seikei University of Japan. He started his banking career in 1993 at Mitsubishi Bank Ltd. He has worked across Japan, Singapore, Australia and Canada, taking key roles throughout his 30 years' experience in banking. He has developed his career mainly in corporate banking. In May 2019, he was appointed as President of MUFG Bank Turkey.

## **Çetin Özbek** Board Member and Chairman of the Audit Committee

Çetin Özbek graduated from the Economic and Administrative Sciences Department of Hacettepe University and the MBA program of the Fox Business School of Temple University. He started his career as a deputy inspector at Yapı ve Kredi Bankası A.Ş. in 1987. He served as an internal auditor as well as the Deputy Chief Audit Executive at the same bank until he was appointed as the Chief Audit Executive at the Central Bank of the Republic of Turkey (CBRT). Besides his past as a Chief Audit Executive, he served at various posts at CBRT including as the Representative of CBRT in Tokyo and Advisor until 2016. He was appointed as Board Member in January 2016, and as the Chairman of the Audit Committee in February 2016.

## **Aysun Mercan** Board Member (January- March 2022)

Aysun Mercan, graduated from the Faculty of Administrative Sciences of the Middle East Technical University (BS) and the Executive MBA program of the University of Wales-Manchester Business School. She started her banking career in 1982 and undertook executive roles related to Corporate Banking, Credits, Foreign Transactions, Project Finance, and Corporate Governance in various local and foreign banks. After the 2001 financial crisis, she joined the Banking Regulatory and Supervision Agency to lead, manage rehabilitation, sale and liquidation projects of many failed banks and their related companies. She also acted on the collection of public receivables of Savings Deposit Insurance Fund from the controlling shareholders of these banks, whose shareholder rights were transferred to the Fund. She has

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also served as BOD member on BODs and Liquidation Boards for such companies. She was appointed as a Member of the Board of Directors of MUFG Bank Turkey in January 2016 and resigned from her position as of March 29, 2022 due to the expiry of her term.

#### **Nicola Wickes**

##### **Board Member and Member of the Audit Committee**

Nicola Wickes is the Chief Risk Officer for MUFG EMEA; she was educated at Oxford Brookes University, where she graduated with a First Class Honours. She has over 30 years of experience within the financial sector, working extensively across all risk disciplines, specializing in Credit Risk at UBS and CIBC London. In April 2019 Nicola joined MUFG EMEA and since November 2019, has served as Chief Risk Officer for EMEA. Before joining MUFG, she held the position of Chief Risk Officer at CIBC for Europe, Asia and Australia and as a Director on the Board for CIBC World Markets plc. In 2018 she gained her FT Non-Executive Director BTEC Level 7 Advanced Professional Diploma. She was appointed a member of the Audit Committee and the Board of Directors for MUFG Bank Turkey in July 2019.

#### **Masashi Kikuta**

##### **Board Member (January - April 2022)**

Masashi Kikuta graduated from Keio University in Tokyo, where he received a Bachelor's of Economics degree. Kikuta, is a Co-Head of Corporate Banking Credit of MUFG Bank. He leads an office responsible for sanctioning credit for non-Japanese corporates, sovereign, Financial Institutions across the EMEA region, at EMEA Head Quarters, of MUFG Bank. He has over 25 years' experience in banking, both in and outside Japan, mainly in credit risk management and business promotion area. He also experienced working in the Foreign Ministry of Japan for 2 years. Kikuta was appointed as a Member of the Board of Directors of MUFG Bank Turkey in March 2019 and resigned on April 8, 2022.

#### **Takeru Kawabata**

##### **Board Member and Member of the Audit Committee**

Takeru Kawabata graduated from Hitotsubashi University in Japan where he received a Bachelor's of Economics degree. He is the Chief Credit Officer for MUFG EMEA and is accountable for credit risk across MUFG Bank and MUFG Securities in EMEA region and oversees CIB Credit, MUS Credit, and Credit Strategies and has over 26 years' combined experience in Global Corporate Investment Banking and Global Credit with MUFG, including 10 years career in Chicago and New York. Prior to assuming the current position, he served as Deputy Head of International Credit Division based in Tokyo for 3 years. He was appointed as a Member of the Board of Directors of MUFG Bank Turkey as of June 10, 2022 and as a Member of the Audit Committee as of December 12, 2022.

#### **Hülya Eroğlu**

##### **Board Member**

Hülya Eroğlu graduated from Department of Management of the Middle East Technical University, Turkey and started her career in 1987. 26 years of her 36-year career in the finance sector has been in banking, with 10 years spent in brokerage and asset management companies and independent audit companies. She started working at MUFG Bank Turkey in 2013 and was assigned as the Deputy President responsible for Information Systems, Operations, Human Resources and General Affairs in April 2016. As of March 29, 2022, she was appointed as Board member.

## **Board Member Changes**

The Board of Directors Members have been appointed in the General Assembly on the date of March 29, 2022.

- Akifumi Fujimoto was appointed as Board Member as of July 20, 2022.
- Takeru Kawabata was appointed as Board Member as of June 10, 2022.

# Top Management

## **Masatoshi Ban** President

Masatoshi Ban received a Bachelor's of Economics degree from Seikei University of Japan. He started his banking career in 1993 at Mitsubishi Bank Ltd. He has worked across Japan, Singapore, Australia and Canada, taking key roles throughout his 30 years' experience in banking. He has developed his career mainly in corporate banking. In May 2019, he was appointed as President of MUFG Bank Turkey.

## **Kozo Taniwaki** Deputy President – Japanese Corporate Banking, Transaction Banking, Treasury

Kozo Taniwaki received Bachelor degree of Arts in Policy Management from Keio University in Japan in 1997 and started his career at Bank of Tokyo-Mitsubishi UFJ, the predecessor of MUFG Bank, in the same year. He has 25 years of experience in the banking industry, including relationship management with large Japanese Corporates and its subsidiaries in both Japan and U.S., and Planning in the Head Office. He was expatriated to MUFG Bank Turkey in January 2017 as the head of Planning and was assigned in August 2019 as the Deputy President responsible for Japanese Corporate Banking, Transaction Banking and Treasury.

## **Hülya Eroğlu** Deputy President – IT, Operations, Human Resources and General Affairs (January-March 2022)

Hülya Eroğlu graduated from Department of Management of the Middle East Technical University, Turkey and started her career in 1987. 24 years of her 34-year career in the finance sector has been in banking, with 10 years spent in brokerage and asset management companies and independent audit companies. She started working at MUFG Bank Turkey in 2013 and was assigned as the Deputy President responsible for Information Systems, Operations, Human Resources and General Affairs in April 2016 and resigned from her position as of 28 March 2022.

## **Berna Canbulat** Director – Operations (2013 – March 2022) Deputy President – IT, Operations, Human Resources and General Affairs (April 1<sup>st</sup>, 2022)

Berna Canbulat graduated Hacettepe University Economics Department and she has 30 years of experience in the banking industry. She has been working at MUFG Bank Turkey since March 2013. As of April 1, 2022, she has been appointed as the Deputy President responsible for Information Technologies, Operations, Human Resources and General Affairs.

## **Burak Kaya** Managing Director – Global Corporate and Investment Banking

Burak Kaya has a Business Administrations degree from Boğazici University. He joined MUFG Bank Turkey in January 2020 to lead the Global Corporate and Investment Banking division in Turkey. Prior to MUFG, Burak Kaya was at Türk Ekonomi Bankası (a joint venture of BNP Paribas), where he acted as the Head of Corporate Client Coverage under the Corporate and Institutional Banking platform. Before that, he worked for RBS in various positions in Istanbul and in London; as Head of Corporate Client Coverage in Turkey and Head of Credit Portfolio Management across Central Eastern Europe. In earlier days in his career, Kaya worked for ABN Amro and Citi in diverse roles under Global Banking. Burak carries more than 20 years of experience in banking.

## **Atsushi Yoshida** Director Equivalent to Deputy President – Planning

Atsushi Yoshida graduated (BA) from Waseda University, School of Commerce in 1999 and started his career at Bank of Tokyo-Mitsubishi UFJ, the predecessor of MUFG Bank. He has 24 years of experience in the banking industry, including banking relationship management with Japanese Corporates in Tokyo and London and Strategic planning in Banco MUFG Brasil. He has been working at MUFG Bank Turkey as the Director of Planning Equivalent to Deputy President since August 2019.

## **Oğuzhan Öner** Director – Internal Audit Director Equivalent to Deputy President – Planning, Legal and Regulatory Affairs

Oğuzhan Öner graduated from Faculty of Administrative Sciences from the Middle East Technical University and holds a Master of Business Administration degree. He has 23 years of experience in banking industry and has been working at MUFG Bank Turkey since October 2015. As of April 1, 2022, he was appointed as a Director equivalent to the Deputy President responsible for Planning, Law and Regulatory Affairs.

## **Hiroyuki Nishiwada** Director – Planning

Hiroyuki Nishiwada graduated (BA) from Hitotsubashi University, Faculty of Commerce and Management in 1999 and started his career at The Sanwa Bank, Limited., the predecessor of MUFG Bank, in the same year. He has 23 years of experience in the banking industry, including relationship management with blue-chip Real Estate Corporation and Private Equity Fund in Tokyo. He also has experience for the coverage of Japanese Corporation in San Francisco as Relationship Manager and Amsterdam as Department Head. He has been working at MUFG Bank Turkey as the member of Planning since October 2022.

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**Önder Gökalp****Director – Finance**

Önder Gökalp received a Bachelor's of Economics degree from Istanbul University, Department of Economics in English and holds a master's degree in International Business Management. 24 years of his 27 years work experience has been in the banking industry. He has been working at MUFG Bank Turkey since May 2013.

**Naoya Ihara****Director – Corporate Banking**

Naoya Ihara graduated (BA) from College of International Relations, Ritsumeikan University in Japan. He started his career with MUFG in 2002, spending much of his time in Structured Finance with various roles including business promotion, portfolio management and strategic planning in Japan and the UK. He joined MUFG Bank Turkey in October 2020 and since then he serves as head of Japanese Corporate Banking.

**Tuğba Özmen****Director – Corporate Banking**

Tuğba Özmen graduated from Istanbul University, Department of Economics and holds a Master's degree from Marmara University, Management and Organization. Having over 18 years banking experience, she joined MUFG Bank Turkey as of December 2018.

**Mete Kunter****Director – Credits**

Mete Kunter holds a BS degree in Industrial Engineering from Marmara University and an MBA degree from Koc University. He has 27 years of experience in the finance industry and joined MUFG in his current role in February 2020.

**Mehmet Ersoylu****Director – Information Technology**

Mehmet Ersoylu, graduated from the Computer Engineering Department of Yildiz Technical University in 1994. He has also a Master's degree in Computer Engineering Department of Yildiz Technical University in 1997. 23 years of his total 28 years of work experience has been in the field of Information Technologies in the Banking industry, and he has been working as IT Director since 2004 in Information Technology departments of variety of Banks in the market. He has been working at MUFG Bank Turkey since June 2013.

**Fatma Eylem Ekmekçi****Director – Transactional Banking**

Fatma Eylem Ekmekçi, is a university graduate from the Department of Business Administration of Middle East Technical University, Having more than 25 years of banking experience in Corporate Banking, Commercial Banking, Strategy and Business Development and Transaction Banking; she has been working at MUFG Bank Turkey since May 2018.

**Onur İlgen****Director – Treasury**

Onur İlgen is a graduate from Galatasaray University Economics Department and holds a Master's degree in Financial Engineering from Bosphorus University. He has 15 years of experience in the banking industry and has been working at MUFG Bank Turkey since May 2013.

**Sinem Emiroğlu****Director – Financial Institutions**

Sinem Emiroğlu, graduated from Faculty of Administrative Sciences from the Middle East Technical University, Turkey and started her banking career in 1996. After 25 years of experience in the banking sector both in Turkey and abroad, she joined MUFG Bank Turkey in 2018.

**Seda Erkan****Director – Human Resources and General Affairs**

Seda Erkan graduated from Işık University, Department of Business Administration and holds a certification degree in Human Resources from Boğaziçi University and Master's degree from Marmara University in Management and Organization. Having over 22 years of Human Resources experience, she joined MUFG Bank Turkey as of February 2020. She is also a coach in MUFG EMEA internal coaching faculty holding a coaching certification from AoEC (Academy of Executive Coaching).

**Ayşegül Azeri****Vice President – Operations**

Ayşegül Azeri graduated from Hacettepe University, Department of Economics. Azeri has 23 years of experience in the banking sector and has been working at MUFG Bank Turkey since April 2013.

# Management of Internal Systems Departments

## **Hilal Yelkenci**

### **Vice President – Internal Audit**

Hilal Yelkenci graduated from Faculty of Administrative Sciences from Istanbul University. Having 19 years of banking experience in the units and positions of the Internal Systems of domestic and foreign banks, she has been working at MUFG Bank Turkey since May 2013. She was appointed as the Head of Internal Audit Department as of April 2022.

## **Selçuk Altun**

### **Director – Risk Management**

Selçuk Altun graduated from Department of Statistics and Computer Science from Karadeniz Technical University and holds a Master degree on Capital Markets and Stock Exchange from Marmara University. 18 years of his 19 years work experience has been in the field of Risk Management in the banking industry. He has been working at MUFG Bank Turkey since August 2014.

## **Onur Üre**

### **Director – Internal Control and Compliance**

Onur Üre graduated from Ankara University Faculty of Political Science Business administration. He has total 24 years' experience in Banking sector. Ten years of experience on Internal Audit/Investigation experience in a Global Bank with a wide perspective. In addition, he has 14 years' experience on Financial Crimes Compliance, AML, KYC, Sanctions, Internal Control and Core Compliance related processes. He has been working at MUFG Bank Turkey since July 2016.

# Committees

## **CORPORATE GOVERNANCE COMMITTEE**

**Ali Vefa Çelik** (Chairman of Board of Directors) – Chairman

**Masatoshi Ban** (President and Board of Directors Member) – Member

The members of the Corporate Governance Committee are selected from among the members from the Board of Directors to monitor compliance to Corporate Governance principles, execute improvement studies and present recommendations to the Board of Directors. The Committee is made up of at least two members and convenes at least once a year. The Chairman of Board is also the Chairman of the Corporate Governance Committee. The committee held one meeting in 2022.

The main objective of the Corporate Governance Committee is to establish structures within the organization to ensure our Bank's corporate and ethic culture is based on solid foundations and compliance with the corporate governance principles are maintained at the utmost level.

## **AUDIT COMMITTEE**

**Çetin Özbek** (Board of Directors Member) – Chairman  
**Nicola L. Wickes** (Board of Directors Member) – Member

**Takeru Kawabata** (Board of Directors Member) – Member

Created further to Article 24 of the Banking Law 5411, the Audit Committee is responsible for monitoring and ensuring the effectiveness, eligibility and compliance of the Bank's internal systems to laws, regulations and internal policies of the Bank; assess whether the required methods, tools and application procedures are available for identifying, measuring, monitoring and controlling the risks of the Bank; supervise the operation of the accounting and reporting systems and the integrity of the data produced, perform the required preliminary assessments in the selection of the independent audit organizations and grading, assessment and outsourcing organizations by the Board of Directors; and regularly monitor the activities of these organizations chosen by the Board of Directors and with whom contracts are signed. The Chairman of the Audit Committee is also a member of the Board of Directors responsible for Internal Systems.

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The committee executes the roles stated in the regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process. The Audit Committee convened 10 times in 2022.

#### REMUNERATION COMMITTEE

**Ali Vefa Çelik** (Chairman of Board of Directors) – Chairman  
**Hidefumi Yamamura** (Vice Chairman of Board of Directors) – Member (January 2022 – July 2022)  
**Akifumi Fujimoto** (Vice Chairman of Board of Directors) – Member (July 2022 - )

The purpose of the Remuneration Committee is to monitor, audit and evaluate the Remuneration policies and procedures on behalf of the Board of Directors. In this scope, the Committee works on the review of trends related to human resources management, comparing the Bank's remuneration to those in the market, and taking the necessary measures to continue to recruit and retain the most talented employees for the Bank. The committee meets at least once a year, additionally when necessary, and reports its activities to the Board of Directors annually. The Remuneration Committee held 4 meetings in 2022.

#### RISK COMMITTEE

**Çetin Özbek** (Board of Directors Member) – Chairman  
**Selçuk Altun** (Head of Risk Management Department) – Member  
**Onur Üre** (Head of Internal Control and Compliance Department) – Member

The Board of Directors is responsible for instituting the Bank's risk appetite, review and approval of the risk framework and policies, analysing periodic risk reports and activities related to the alignment of risk management policies and procedures. The Risk Committee's purpose is to provide information and present reports to the Audit Committee so that they may fulfil their risk management responsibilities. The Risk Committee meets at least four times a year and when necessary, and it is chaired by the Board Member, responsible for Internal Systems. The committee convened 7 times in 2022.

#### OTHER COMMITTEES

##### Asset-Liability Committee

The Assets and Liability Committee is in charge of carrying out the management of the assets and liabilities of the Bank in order to maximize revenues within the scope of the risk appetite and tolerance identified by the Board of Directors; assessing the interest, exchange rate, liquidity and market risks in the context of the strategy and competition conditions of the Bank, taking the decisions to

be executed by the related Departments to manage the Bank's balance sheet. The Committee is chaired by the President at its meetings. The Committee convened 10 times in 2022.

##### Executive Committee

The Executive Committee is held for sharing information between top management and discussing the issues that requires to be resolved. At this Committee top management gets informed about the developments within the Bank. The Committee convenes on a weekly basis.

##### Information Sharing Committee

The purpose of the Information Sharing Committee whose members are Information Security Officer, Compliance Officer, Internal Control Officer, Regulatory Advisor, Legal Counsel, any other Department Heads of the business line that requests sharing information, is coordinating the sharing of client and bank secret information by considering the principle of proportionality, including the sharing to be made within the scope of the article 5 of the Regulation on Sharing Confidential Information, evaluating the appropriateness of incoming information sharing requests and recording these evaluations; conducting the process of sharing confidential information with the third parties, and legal possibility of sharing upon the requests from the departments; classification of confidential information whether it is client secret or banking secret; monitoring of events related to confidential information sharing breach; following up-to-date local regulations, other legal processes; carrying out studies to increase the awareness for stakeholders and other staff regarding the sharing of confidential information; coordinating the development and implementation of a company-wide confidential information sharing training and awareness program; providing consultancy to Board of Directors, Senior Executives and other stakeholders regarding confidential information sharing. The committee meets at least twice a year, additionally when necessary, and reports its activities to the Board of Directors annually. Two Committee Meetings were held in 2022.

### Information Technologies (IT) Strategy and Steering Committee

The purpose of the IT Strategy and Steering Committee whose members are President, Deputy Presidents, Finance Director, Planning Director, Information Technologies Director, Information Security Officer, Human Resources Director, Internal Control and Compliance Director, Risk Management Director and Legal Counsel, is to prepare Information Systems (IS) strategy plan and submit it to the Board of Directors of the Bank; provide oversight of the appropriate use of IS investments in line with the IS strategy plan as well as the compatibility of the business objectives and IS targets of the bank; reporting these matters directly and regularly to the Board of Directors; reviewing and where necessary revising the IS strategy plan at least once a year, and submitting it for the approval of the Board of Directors; be responsible for setting the priority levels of IS investments and projects, monitoring the state of ongoing IS projects, resolving conflicts regarding resource allocations between the projects, providing the necessary direction to ensure the regulatory compliance of the IS architecture and projects, and monitoring the service levels relating to IS services; meet at least twice a year to review the due implementation of the IS strategy plan as well as all major IS investment decisions, and will submit a report to the Board of Directors at least once a year; develop corporate level IT strategies and plans that ensure the cost effective application and management of IT systems and resources throughout the MUFG Bank Turkey; review current and future technologies to identify opportunities to increase the efficiency of IT resources; monitor and evaluate IT projects and achievements against the IS strategy plan; provide advice and recommendations to the President and Executive Management Team on significant IT issues, manage the development and executive acceptance of a corporate security framework, review corporate-wide security policies, assess any requests for policy exceptions from individual business units. review IT service catalogue and service legal agreements. The committee meets at least twice a year, additionally when necessary, and reports its activities to the Board of Directors annually. The Committee held 2 meetings in 2022.

### Information Security Committee

The purpose of the Information Security Committee whose members are President, Deputy Presidents, Finance Director, Planning Director, IT Director, Information Security Officer, Human Resources Director, Internal Control and Compliance Director, Risk Management Director, and Legal Counsel, is

conducting regular threat and risk assessment studies for information assets; classification of information assets, determination of asset ownership and taking appropriate security measures for asset classes; monitoring of events related to information security breach; ensuring the establishment of an effective authentication and access management consistent with the principle of segregation of duties in banking services provided throughout the Bank; testing the controls and the established structures to ensure information security; following up-to-date security vulnerabilities for information assets and taking necessary actions; carrying out studies to increase information security awareness for stakeholders that concern the bank's information security such as bank employees, external service providers, clients and senior management; coordinating the development and implementation of a company-wide information security training and awareness program; ensuring that matters related to information security are included within the scope of Business Continuity management; ensuring that matters related to information security are included in the management of outsourcing services; establishing and implementing the information security policy on behalf of the Board of Directors; arranging the implementation of the information security management system throughout the bank with information security policy, procedures and process documents; reviewing information security policy, procedures and process documents at least once a year; ensuring that they are reviewed after significant security incidents, new vulnerabilities, or significant changes in technical infrastructure and supporting necessary projects to ensure information security. The committee meets at least twice a year, additionally when necessary, and reports its activities to the Board of Directors annually. The Information Security Committee held 2 meetings in 2022.

In addition to the above, the below mentioned committees are also working to ensure the efficient implementation of corporate governance principles and our bank strategies.

- Disciplinary Committee
- Outsourcing and Procurement Committee
- Compliance Committee
- Operational Control Committee
- New Product Committee
- Business Continuity and Crises Management Committee
- Reputational Risk Committee



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# Participation of Board Members to Committees & Meetings

- As a rule, physical / tele-video conference meetings of the Board of Directors are held minimum of four times a year at MUFG Bank Turkey. Additional meetings are held whenever necessary.
- The meeting agendas are prepared by consideration of the proposals received from the departments of our Bank.
- The agenda and related files are distributed to the members before the meeting, and the meetings are held further to article 390/4 of the Turkish Code of Commerce unless the members request a physical meeting.
- In 2022, the Board of Directors held 153 meetings, 4 of which were physical meetings, and the attendances were regular with respect to quorum.

# Human Resources

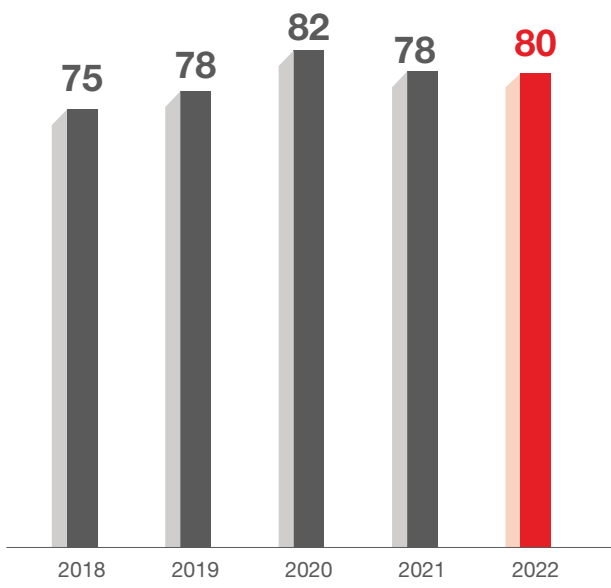
To assure a transparent and methodical approach to remuneration, MUFG Bank Turkey applies a standardized organizational grading structure with partnership of IMA Consultancy.

In line with our corporate vision “to be the world’s most trusted financial group,” we paid special attention to gather qualified professionals committed to this vision.

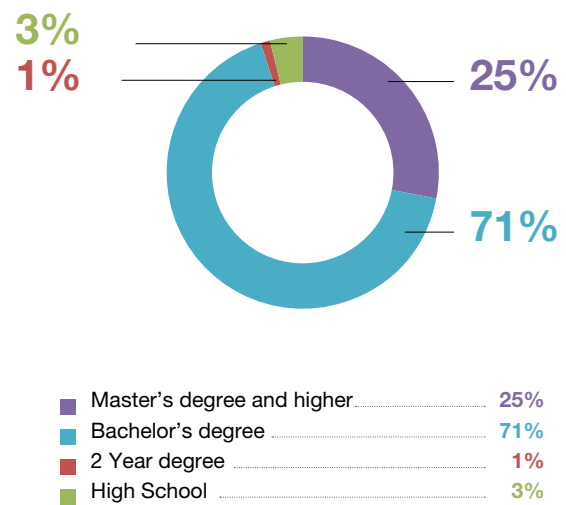
Our total number of employees, which was 78 as of the end of 2021, reached 80 as of the end of 2022.



The year-on-year breakdown of the number of our employees is below:

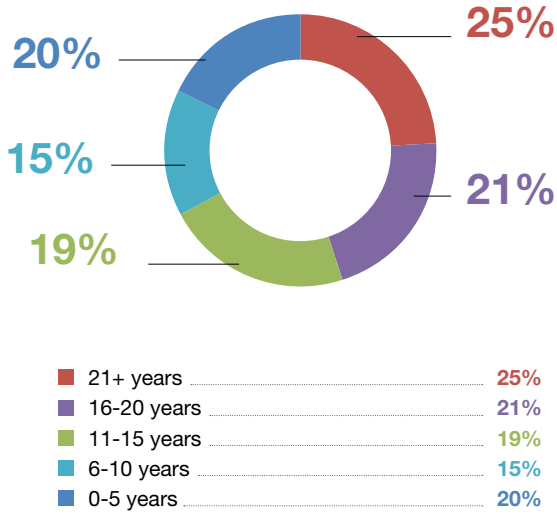


96% of our employees with an average age of 42 hold bachelor's degree or higher:



MUFG Bank Turkey is keen to on-board seasoned and qualified bankers to secure the high standards of service to which we hold ourselves.

The average seniority of our employees in the banking industry is 14,5 years:



A fair and objective remuneration policy applies to all employees at MUFG Bank Turkey. To assure a transparent and methodical approach to remuneration, MUFG Bank Turkey requests market data analysis from IMA Consultancy and evaluates the remuneration of employees.

Employee performance and development is closely monitored both via online tools and one to one feedback by line managers.

In 2022, 80 members of staff received 2,707.5 hours of professional training provided by both internal and external parties. Throughout the year, each MUFG employee received an average 33.5 hours of training.

#### CORPORATE SOCIAL RESPONSIBILITY

MUFG Bank Turkey has undersigned social responsibility projects with various activities this year.

MUFG Bank Turkey started 3 years partnership with Parİlti Association (Parİlti) in 2021. Parİlti's aim is to support children who have vision impairments, in terms of social life and educational environment from their birth to the end of their education period, and MUFG Bank Turkey is excited to continue to support their aim with volunteer activities.

The Children's book called Pen Pals, written by Asli Öncü, one of MUFG Bank Turkey colleagues, was launched in June. All of the income from the sales is donated to our charity partner, Parİlti. Book promotion activities were held at various primary schools and also open bazaars throughout the year and will continue in next year.

One of the activities that was held within the scope of Social Responsibility was the 'Fitprints for Good' meeting held in October. Every step taken by MUFG Bank Turkey employees has returned to support our charity partner, Parİlti. By coinciding this event with the "World Cleaning Day" simultaneously, the employees aimed to protect the green by increasing the awareness towards nature. It is aimed to raise awareness by collecting the garbage in the area where all participating employees walk together. GBP 6,929 collected as part of this event was donated to Parİlti by MUFG Ltd.

MUFG Bank Turkey volunteers participated in the Istanbul Marathon, which was organized in November 2022, and ran for creating awareness and collecting donation for the education of visually impaired children of Parİlti and collected TRY 33,050 in donations, 1/3 of all the donations that Parİlti collected in Istanbul Marathon during 2022. This donation was spent on the education expenses of the visually impaired children.

In the open bazaar that MUFG Bank Turkey organized as part of the Culture Week among its employees in December, various products were offered for sale in order to donate to the children of Parİlti. During the day, TRY 20,000 was collected from the sale of the products prepared by MUFG employees in many areas, from food to handwork products. With the raised amount, 4 liquid meter & 16 embossing clock are donated for the education of Parİlti children. At the New Year's celebration held with Parİlti, with the participation of MUFG Bank Turkey employees, in December, a Rhythm Workshop was organized with the children. After the rhythm workshop, the Marathon participants were presented with certificates by the association. More collaborative initiatives and activities will continue during 2023.

As of December, MUFG Bank Turkey started negotiations with WWF (World Wildlife Fund) in order to increase sustainability with a more environment friendly approach. In line with these meetings, we plan to continue our work in 2023 to further our goal of becoming a Green Office.

# Transactions of MUFG Bank Turkey with the Related Risk Group

(TRY Thousand)

| Risk Group of the Bank         | Subsidiaries, associates and jointly controlled entities |          | Direct and indirect shareholders of the Bank |          | Other entities included in the risk group |          |
|--------------------------------|--|----------|--|----------|---|----------|
|                                | Cash   | Non-Cash | Cash   | Non-Cash | Cash                                      | Non-Cash |
| <b>Current</b>                 |  |          |  |          |   |          |
| Loans and other receivables    |  |          |  |          |   |          |
| Balance at beginning of period | 0  | 0        | 57,387                                       | 360,312  | 44,553                                    | 327,733  |
| Balance at end of period       | 0  | 0        | 70,963                                       | 443,759  | 42,539                                    | 416,619  |
| Interest and commission income | 0  | 0        | 0  | 1,548    | 45  | 2,198    |

| Risk Group of the Bank         | Subsidiaries, associates and jointly controlled entities |          | Direct and indirect shareholders of the Bank |          | Other entities included in the risk group |          |
|--------------------------------|--|----------|--|----------|---|----------|
|                                | Cash   | Non-Cash | Cash   | Non-Cash | Cash                                      | Non-Cash |
| <b>Past</b>                    |  |          |  |          |   |          |
| Loans and other receivables    |  |          |  |          |   |          |
| Balance at beginning of period | 0  | 0        | 9,589  | 170,092  | 390,021                                   | 144,924  |
| Balance at end of period       | 0  | 0        | 57,387                                       | 360,312  | 44,553                                    | 327,733  |
| Interest and commission income | 0  | 0        | 0  | 513      | 29,060                                    | 966      |

| Risk Group of the Bank         | Subsidiaries, associates and jointly controlled entities |              | Direct and indirect shareholders of the Bank |              | Other entities included in the risk group |              |
|--------------------------------|--|--------------|--|--------------|---|--------------|
|                                | Current Period   | Prior Period | Current Period                               | Prior Period | Current Period                            | Prior Period |
| Deposit                        |  |              |  |              |   |              |
| Balance at beginning of period | 0  | 0            | 0  | 0            | 8,312,226                                 | 3,853,762    |
| Balance at end of period       | 0  | 0            | 0  | 0            | 11,381,385                                | 8,312,226    |
| Deposit Interest Expense       | 0  | 0            | 0  | 0            | 151,103                                   | 18,444       |

| Risk Group of the Bank         | Subsidiaries, associates and jointly controlled entities |              | Direct and indirect shareholders of the Bank |              | Other entities included in the risk group |              |
|--------------------------------|--|--------------|--|--------------|---|--------------|
|                                | Current Period   | Prior Period | Current Period                               | Prior Period | Current Period                            | Prior Period |
| Credits Obtained               |  |              |  |              |   |              |
| Balance at beginning of period | 0  | 0            | 0  | 0            | 11,030,696                                | 7,529,087    |
| Balance at end of period       | 0  | 0            | 0  | 0            | 20,857,68                                 | 11,030,696   |
| Interest Expense               | 0  | 0            | 0  | 0            | 161,461                                   | 20,012       |

| Risk Group of the Bank           | Subsidiaries, associates and jointly controlled entities |              | Direct and indirect shareholders of the Bank |              | Other entities included in the risk group |              |
|----------------------------------|--|--------------|--|--------------|---|--------------|
|                                  | Current Period   | Prior Period | Current Period                               | Prior Period | Current Period                            | Prior Period |
| Fair Value Difference through PL |  |              |  |              |   |              |
| Balance at beginning of period   | 0  | 0            | 712,240                                      | 0            | 10,007,617                                | 5,029,832    |
| Balance at end of period         | 0  | 0            | 73,667                                       | 712,240      | 2,383,863                                 | 10,007,617   |
| Total Profit/Loss                | 0  | 0            | (147)  | (222)        | 11,682                                    | 2,772        |

# Information on Outsourced Operations

| Name of Outsourcing Company   | Definition of Outsourcing Service  |
|---|--|
| 1- MUFG Bank Ltd.   | Third level infrastructure support service   |
| 2- Intertech Bilgi İşlem ve Pazarlama Tic. A.Ş.   | Core banking and internet banking system maintenance and support services  |
| 3- Fineksus Bilişim Çözümleri Ticaret A.Ş.  | Purchase of Paygate Suite, AML related systems and SWIFT back-office systems (Inspector, Maestro, Analyzer) maintenance and support services |
| 4- KDDI Europe Ltd.   | Data center and hosting services   |
| 5-Teknotel Telekomunikasyon Data Center and Hosting Services (KDDI sub contractor)                | Data center and hosting services   |
| 6-Aktive Bilgisayar Hizmetleri ve Ticaret Ltd. Şti.   | Fixed income booking system, maintenance and support services  |
| 7-Figo Ticari Bilgi ve Uygulama Platformu A.Ş.  | Payable finance platform   |
| 8-Reisswolf Doküman Yönetimi Hizmeti A.Ş.   | Physical archiving service   |
| 9- Evrensel Yazılım Teknolojileri Bilişim San.ve Tic Ltd. Şti.                                    | Central Bank of Turkey financial reporting automatic upload system   |
| 10- Maro Uluslararası Bilgi Teknolojileri Danışmanlık Geliştirme Destek Hizmetleri San. Tic. A.Ş. | Electronic letter of guarantee maintenance and support service   |
| 11- RiskAktif Eğitim Yazılım Danışmanlık Ltd. Şti.  | Basel risk reporting automation  |

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# Board of Directors Summary Report

Welcome to MUFG Bank Turkey's Ordinary General Meeting of 2023. We would like to sincerely thank our stakeholders and guests who join our meeting where the reports of both the Board of Directors and Auditors, and the financial statements for the fiscal year 2022 will be submitted for your review and consent.

Before reporting our financial results, we'd like to review the market in 2022. During year 2022, while negative impacts of coronavirus finally diminished on Turkey's economic activities with easing restrictions helping strong recovery for domestic demand and tourism revenues, Russia-Ukraine war provided negative impact to global supply channels to trigger sharp spike on commodities prices which has been one of the major reasons for the high increase of inflation rate and the widening of current account deficit. Russia-Ukraine war and climate crisis related shortages in food supplies resulting price increases in food and high prices in energy supplies caused additional inflationist pressures in global economies and in our country. Faster monetary policy tightening seen in the FED's and ECB's policy rates as countermeasure to rising inflation which hit four decades high.

On the other hand, the removal of Covid19 restrictions with end of bans provided positive impact to economic activities and provided strong recoveries for some sectors, especially tourism revenues increasing to record highs as main beneficiary. However, the Russia-Ukraine war related geopolitical uncertainties, the tightening in global financial and the decline in risk appetite caused portfolio outflows from Turkey and increase of risk premium and the exchange rate volatility increase in Turkey. As in many countries, policymakers in Turkey introduced the monetary and fiscal measures to control the adverse impacts of the high inflation.

During the year a strong outlook observed for the domestic macroeconomic environment. In the second half, policy rate decreases triggered high volatilities for the foreign currency rates whereas total country export volume increased to record high with strong external demand. Turkey's economy is expected to continue positive growth in 2023 with the solid trend in tourism and the further recovery of trading partner growth amid recovering international relations on some key markets, as well as benefiting from pro-growth initiatives to

keep domestic demand strong ahead of elections.

Although showing a decreasing trend, high inflation rate is seen as one of major challenge for the economy during year 2023 together with political uncertainties for aftermath of the elections.

Despite the many difficulties faced by Turkey's economy, thanks to timely and appropriate measures taken by the Central Bank and the Banking Regulation and Supervision Agency, the Turkish banking industry remained resilient and sound.

Even in this highly volatile global and domestic environment, MUFG Bank Turkey recorded strong results in 2022.

At year-end 2022, MUFG Bank Turkey reported total assets of TRY 36,635 million. Loans, the major component of Bank's assets, totalled TRY 21,127 million at year end and loan portfolio consists of 9% TRY and 91% foreign currencies denominated loans. Receivables from banks, the other key item of the Bank's assets, amounted to TRY 2,705 million excluding receivables from the Central Bank.

On the liabilities side, MUFG Bank Turkey's borrowings totalled TRY 20,901 million in 2022. Demand and time deposits from non-Bank clients amounted to TRY 2,201 million. As of end of 2022, by addition of annual net profit with an amount of TRY 547 million, the Bank's shareholders' equity reached to of TRY 2,008 million. On the other hand, the equity considered for the calculation of the capital adequacy ratio was TRY 2,121 million while the capital adequacy ratio as of end the year realized as 19.16%.

MUFG Bank Turkey reported a net interest income of TRY 658 million in 2022. Profit before taxes from continuing operations amounted to TRY 730 million. The Bank's net profit after tax and provisions was TRY 547 million for the fiscal year. In 2022, our return on average equity was realized as 31.5%

We will continuously strengthen our organization, expand our product and service coverage, and diversify our funding capabilities to better serve our clients and achieve further sustainable growth.

Respectfully yours,

**BOARD OF DIRECTORS**







# Internal Systems



# Assessment of Functioning of Internal Systems by Audit Committee

Our internal systems departments fall under the responsibility of the Bank's Board of Directors, and are composed of Internal Audit, Internal Control and Compliance with Risk Management departments. These departments constituting internal systems act in coordination and independently from the units with executive activities. The Bank's Audit Committee is authorized and responsible for supervising the effectiveness and eligibility of the Bank's internal systems on behalf of the Board of Directors; seeking the operation of these systems and the accounting and reporting systems in accordance with the Banking Law and related regulations and the integrity of the information produced; conducting the required preliminary assessments for the selection of independent audit organizations and grading, appraisal and outsourcing services organizations by the Board of Directors; regularly monitoring the activities of these contracted organizations; continuing and ensuring the coordination of internal audit activities.

The Audit Committee Chairman is also responsible for internal systems monitors internal systems departments' activities on a periodic basis. The Audit Committee receives quarterly based reports from the departments constituting Internal Systems Departments in order to evaluate the adequacy of the methods for the identification, control and monitoring of risks that the Bank is exposed to, and to report its findings to the Board of Directors in compliance with its legal responsibilities related to informing Board of Directors regarding activities of the Committee. Furthermore, the Audit Committee submits its opinions and recommendations on significant matters to the Board of Directors.

## Internal Audit Department

The purpose of the Internal Audit department is to provide assurance that the activities of the Bank are conducted in accordance with the Law and other applicable legislation and with the internal strategies, policies, principles and targets of the Bank. It also serves to ensure that the internal control and risk management systems are effective and adequate.

The Internal Audit Department is responsible for ensuring that internal audit activities are in line with applicable laws, rules and regulations and the Bank's strategies, policies, principles and targets. The Internal Audit Department oversees the efficiency and adequacy of internal control and risk management systems and audits the Bank operations with its risks.

The audit reports that are a result of the audits performed in the departments in line with the risk focused annual audit plan, were submitted to the relevant divisions, top management and Audit Committee to ensure that necessary actions were taken.

Internal Audit activities are carried out on the basis of planned audit, examination and investigation studies according to their purpose. Within the scope of internal audit activities in 2022, business processes were prioritized as a result of the risk assessment conducted, and business process audits and information systems audit in compliance with the legislation were carried out.

Internal Audit Department have also completed the audits that are required to be carried out every year in accordance with the legislation which are ICAAP Validation, ICAAP Evaluation, Risk Centre and Management Declaration that covers critical Business Processes and Information Systems Control Objectives in the scope as well as risk-based process audits.

In addition to the planned audit engagements, in 2022 the Internal Audit Department also participated in various projects and provided a range of consultancy services and examination and/or investigation studies (if necessary) requested by the Bank's executive management, when deemed necessary.

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### Internal Control and Compliance Department

The Internal Control and Compliance Department aims to establish an effective internal control system, fulfilling the internal control applications, establishing a strong internal control culture and conforming to legal regulations and the general practices of MUFG to remove any inconsistencies. For this purpose, preventive control points are defined to identify and prevent discrepancies related to legal and internal regulations; system and function faults, human error or malicious conduct and related material damages or legal sanctions that the Bank might face. Efforts are also spent identifying missteps that may have occurred within the scope of controls, and preventing the damages that may occur.

At MUFG Bank Turkey, Internal Control and Compliance activities are accepted as a business culture practiced throughout the Bank, beyond just being a function that is under the responsibility of the Internal Control Department. The main goals of the Internal Control activities are to protect the Bank's assets, ensure that all operations are carried out in compliance with the banking laws and regulations and bylaws, and to ensure the accuracy and safety of all accounts and records. Therefore, control activities at different levels have been added to all regulations and application procedures issued by the Bank, and the above-mentioned control culture has been adapted as a part of the daily activities of all employees.

Internal Control and Compliance Department carries out Internal Control activities independent from other departments as a second line of defense function, and it also functions as a supervisor to design and ensure the sound operation of such first line of defense control activities within departments.

Internal Control and Compliance Department executes periodic controls that are required for business processes in accordance with the objectives specified above. It also identifies the control defects with an integral approach towards critical activities of the Bank's departments, identifying the control defects as soon as possible, ensuring the necessary actions are executed. The mentioned control activities may be second level controls that are implemented by Internal Control and Compliance Department directly in certain circumstances, and they may also include the control of the effectiveness of internal first level controls of a department under certain circumstances.

With regard to the preventive control function of Internal Control and Compliance Department, Internal Control and Compliance Department's opinion is taken to ensure compliance with legal and internal regulations both before new products and services are applied, and for all actions and decisions which are considered to have the potential of creating a material or legal risk, including all procurements, client acquisitions and payments to third parties. As the continuity of these activities is inspected during internal control activities, it is also secured by the internal regulations approved by the Bank's Board of Directors.

As a result of Internal Control activities, detection and follow-up reports created are primarily submitted to the Audit Committee and are periodically shared with the Bank's executive Management. In line with the changes and requirements in the Regulation on Information Systems and Electronic Banking Services of Banks, Internal Control activities as 2<sup>nd</sup> Line of Defence function on information systems have been implemented in the Bank.

# Assessment of Functioning of Internal Systems by Audit Committee

In addition, different systematic infrastructures have been created at the Bank to prevent Anti-Money Laundering (AML) and the Financing of Terrorism, and to maintain compliance with the generally accepted international rules and principles such as sanctions. In order to ensure the inspection of all account openings in accordance with legal regulations and the principles of the Bank, (in addition to the review of Internal Control and Compliance Department where needed and risk-based approach), payments made at the Bank are held subject to electronic filters, and the transactions retained at the filters are inspected by both the Operations and Internal Control and Compliance Departments before they are finalized. As an effective post-control method and in accordance with the regulations of the Financial Crimes Investigation Board (MASAK), the transactions made at the bank are held subject to comparative analyses with suspected transaction typologies by means of special computer software, and the results are systematically reported to Internal Control and Compliance Department to ensure the implementation of additional control activities. In addition, internet banking services are also given by MUFG Bank Turkey, there are system applications providing early warning mechanisms in Internet Banking. Moreover, necessary coordination activities are being conducted by AML Officers to make sure that all the requests by MASAK have been fulfilled on a timely basis.

Internal Control and Compliance activities and related trainings are an important topic at MUFG Bank Turkey and Groupwide. Internal Control and Compliance department carries out training and awareness activities on several topics, especially related to MASAK rules and international sanctions, and also utilized trainings prepared at Group level. Training and training results are being reported to MASAK and executive Management in the Bank.

The Bank considers that effective control of the complicated banking systems and transactions is only possible with effective internal control personnel. Therefore, Internal Control and Compliance employees are both held subject to hands-on training in the department, and the international training means of the MUFG family are utilized and the required training and information activities to increase the knowledge and skills of the employees are organized.

## Risk Management Department

The Risk Management Department aims to measure, monitor and manage the risks the bank may exposed to with reference to methodologies complying with international standards and local regulations.

Credit risk, operational risk, market risk, liquidity risk and business continuity management are executed in Risk Management Department.

Risk Management policies consist of Risk Appetite, Credit Risk, Market Risk, Liquidity Risk and Operational Risk, as well as Business Continuity Management, Product Service Risk Management, Reputational and Fraud Risk policies. The functions and authorities of the departments and committees included in the risk and control processes are stated in the risk policies.

The design and application of the risk management system, preparation of the risk management policies and procedures, their revision at least once a year, capital adequacy calculations and reporting, submission of the risk measurement and risk monitoring results to the Board of Directors, Audit Committee and senior management through regular reporting; ensuring the retention of quantifiable risks within the determined limits and monitoring the use of these limits; execution of stress test activities and internal capital adequacy assessment process are carried out by the Risk Management Department.

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Within the scope of the business continuity plans, the employees are informed via necessary trainings on business continuity management, crisis management and disaster recovery in order to increase awareness. The Risk Management Department owns the organization of business continuity and crisis management tests and drills on the dates determined in the annual business continuity plan.

#### a) Credit Risk

The Bank monitors and manages credit risks after lending, until the loan is completely reimbursed, cancelled or deleted. According to related regulation, bank assigns credit worthiness to credit clients and uses credit rating system. Besides, legal lending limits and industry and client-based concentrations are closely monitored.

#### b) Market Risk

Considering the limits defined in the Market Risk policy, risk measurements, daily limit checks are realized and market risk reports are prepared and reported to legal bodies. Stress tests and scenario analysis is regularly made in accordance with the regulations. The values and indicators related with market risk are shared with Asset and Liability Committee.

#### c) Operational Risk

With regard to operational risk management, the Bank's operational risks are identified, measured, assessed and risk mitigation actions are taken. In this regard, operational risk losses and key risk indicators are monitored. The Bank's operational risks are assessed on at least annually basis by the Risk Management Department. The results of Control and Self-Assessment study performed once a year throughout the Bank is shared with senior management. The activities regarding operational risk areas are shared with Risk Committee on a periodical basis and Board of Directors via Audit Committee on quarterly basis.

#### d) Liquidity Risk

The liquidity risk is managed in order to ensure the Bank is taking the required measures in a timely and correct manner against the liquidity tightness which may arise from the balance sheet structure and the market conditions (within the framework of the risk management policies approved by the Board of Directors). The liquidity risk is monitored in a corporate framework taking into account the risk levels mentioned in the risk policy and the stress scenarios related with the Bank's cash flows. The reports related with liquidity risk are shared with senior management and the Risk Committee.

#### e) Business Continuity Management

The Bank's business continuity management policy aims to minimize the risks which may endanger the continuity of the Bank's activities, ensuring critical products and services function within acceptable time periods in the cases of potential disruption. The required periodic tests and drills regarding business continuity management are performed and employees are trained periodically. The business continuity plan is regularly reviewed. Practices related with business continuity and crisis management are assessed in Risk Committee. Business Continuity and Crisis Management Committee chaired by the President is convened when needed to assess a crisis/disaster.





MUFG BANK TURKEY ANONİM ŐİRKETİ  
2022 Fiscal Period  
Affiliate Report  
March 2023

## 1. INTRODUCTION

### 1.1. Reference

This Affiliate Report (hereinafter shall be referred as the “Report”) has been prepared in line with the liabilities of the board of directors of the controlled companies in accordance with the article 199/1 and 3 of TCC titled as “Reports of controlled and controlling company”. The referred article reads as follows;

*“(1) The BoD of the dependent company shall prepare a report regarding the company’s relations with controlling and dependent companies within the first quarter of the activity year. All legal transactions which the company conducted in the previous activity year with the controlling company, with a company dependent on the controlling company, through the direction of the controlling company that serves to its advantage or the advantage of its dependent company and all other measures taken or refrained from being taken to the advantage of the controlling company or of its dependent company in the previous activity year shall be explained in the report. In legal proceedings, the performances and counter performances and the measures used to assess them shall be specified, as well as their advantages and disadvantages to the company. Where there is a provision for compensation for disadvantages, the way the compensation was obtained within the activity year or the advantages gained by the company which provided a right to claim shall also be declared.*

....

*(3) At the end of the BoD report it shall be explained whether the company, in the circumstances and conditions known to the board at the time at which the company conducted the legal proceeding or took or refrained from taking the measure, obtained appropriate counter performance in relation to each legal proceeding and whether the company incurred any loss due to taking or refraining from taking the measure. If the company incurred loss, the BoD shall specify whether the loss has been compensated for. This explanation shall be only made in the annual report.”*

### 1.2. Principles of the Report

This Report has been prepared in line with the true and fairview accounting principle.

### 1.3. Period of the Report

This report includes the transactions which carried out by MUFG BANK TURKEY ANONİM ŞİRKETİ (“Company”) with the controlling company and the other controlled companies of the controlling company in 2022 fiscal period.

### 1.4. Subject Transactions of the Report

The legal transactions of our Company with the group companies realized in 2022 fiscal year is given below and are subject to detailed explanation with the aim to inform within the content of this Report.

| Hukuki İşlemin Yapıldığı Şirket | İşlemin Detayı  | Tutar            |
|---------------------------------|---|------------------|
| MUFG Bank, Ltd., London Branch  | Travel expenses   | 2,768.10 USD     |
| MUFG Bank, Ltd., London Branch  | Payment for Skype application   | 22,156.04 GBP    |
| MUFG Bank, Ltd., London Branch  | Payment fee for Workday application   | 7,727.59 USD     |
| MUFG Bank, Ltd., London Branch  | Payment for the annual maintenance service which is utilised for IT systems.      | 27,635.66 GBP    |
| MUFG Bank, Ltd., London Branch  | Pledge fee due to pledged deposit agreement                                       | 1,390,129.04 EUR |
| MUFG Bank, Ltd., London Branch  | Pledge fee due to pledged deposit agreement                                       | 4,854,608.23 USD |
| MUFG Bank, Ltd., London Branch  | Payment for commission of securities lending transaction                          | 5,684,384.00 JPY |
| MUFG BANK, Ltd                  | Payment for maintenance fee of Open Portal system.                                | 94,467.00 JPY    |
| MUFG BANK, Ltd                  | Payment for Infra Milestone   | 575,995.00 JPY   |
| MUFG BANK, Ltd                  | Payment for maintenance fee of GCI  | 17,220.00 JPY    |
| MUFG BANK, Ltd                  | Payment fee for global zeus application   | 13,000.00 JPY    |
| MUFG BANK, Ltd                  | Payment fee Rapport Service using by customer to connect internet banking safely. | 124,740 JPY      |
| MUFG BANK, Ltd                  | Payment fee Factiva, World Check and FCC service fees                             | 271,734.00 JPY   |
| MUFG BANK, Ltd                  | Payment for robotic process automation  | 249,057.00 JPY   |
| MUFG BANK, Ltd                  | Payment fee for global credit application and rating system                       | 2,023,549.00 JPY |



## 2. GENERAL INFORMATION REGARDING THE COMPANY

### 2.1. MUFG Bank Turkey Anonim Şirketi

Our Company is registered to the İstanbul Trade Registry with the trade registry number of 855649 and located at the address of Fatih Sultan Mehmet Mahallesi, Poligon Caddesi, Buyaka 2 Sitesi 2 Blok No: 8B, İç Kapı No:82 Kat: 21 34771 Ümraniye / İstanbul with the activity and scope of engaging in all kinds of banking activities and performing all activities set forth in the relevant articles of Banking Law and other activities as permitted by relevant legislation and Articles of Association of the Company, to be carried out and performed by banks. The Company is registered to the Alemdağ Tax Office with the tax number of 140 036 1237.

The contact details of the Company are given as follows:

| Type      | Number        |
|-----------|---------------|
| Telephone | 0216 600 3000 |
| Fax       | 0216 290 6473 |

The Company has been established as a Joint Stock Company and operating as a bank in line with the operational license permission of Banking Regulation and Supervision Board announced at Official Gazette dated 24.09.2013 and numbered 28755. The Company is not subject to any public offer.

Web site of the Company is <http://www.tu.bk.mufg.jp/index-tr.html>

### 2.2. Capital and Organization Structure of the Company

The capital of the Company amounting to TL 527,700,000.00 has been fully paid in cash prior to its' establishment in line with article 7/f of Banking Law numbered as 5411 and the title of the shareholders, share group, number of shares, share amount, and the ratios have been listed as follows.

| Title of the Shareholder | Share Number       | Share Amount (TL)     |
|--------------------------|--------------------|-----------------------|
| MUFG Bank Ltd.           | 527,699,996        | 527,699,996.00        |
| Atsushi Yoshida          | 1                  | 1.00                  |
| Kozo Taniwaki            | 1                  | 1.00                  |
| Naoya Ihara              | 1                  | 1.00                  |
| Rui Miyamoto             | 1                  | 1.00                  |
| <b>TOTAL</b>             | <b>527,700,000</b> | <b>527,700,000.00</b> |

## 3. CONTROLLING AND CONTROLLED COMPANIES

### 3.1. Information regarding the Controlling and Controlled Companies

The information of the controlling company and the controlled companies of the controlling company which the Company has engaged a legal transaction in 2022 fiscal period is summarized as below.

| Title                               | Tax ID Number | Address  | Status in the Group Companies |
|-------------------------------------|---------------|--|-------------------------------|
| MUFG Bank, Ltd..                    | 8430357946    | 7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8388 Japan              | Parent Company                |
| MUFG Bank, Ltd., Londra Branch      | 2689255625962 | Ropemaker Place, 25 Ropemaker Street, London, EC2Y 9AN, United Kingdom | Parent Company                |
| Mitsubishi UFJ Financial Group, INC | -             |  | Branch of Parent Company      |

#### 4. LEGAL TRANSACTIONS REALIZED WITH THE GROUP COMPANIES

The details of the transactions with the group companies are provided in section 1.4. Apart from the fee payments related with pledged deposit agreement, major transactions with MUFG Bank Ltd., Head Office are related with the license and service fees paid to Tokyo for the systems and applications with an amount of JPY 3.369.762.

#### 5. PREVENTIONS

With respect to the above stated transactions of our Company with the controlling company and the controlled companies of the controlling company, there is no provided or avoided prevention which may result against our Company.

All legal transactions had been subjected to same procedure, principals and conditions as conducting with other parties outside the group companies by considering Transfer Pricing rules and intercompany SLA. No prevention had been taken as the result of a loss as per the interest or enterprise of the parent and affiliate companies.

#### 6. BOARD OF DIRECTORS DECLARATION

All suitable counter acts has been provided for each legal transaction in line with the known circumstances and conditions on the dates of the realization of the legal transactions mentioned in this report. There is no provided or avoided prevention and within this framework our Company has no losses.

As a consequence of the evaluation, made in line with the article 199 of Turkish Commercial Code, of the transactions of our company with the controlling company and the controlled companies of the controlling company; it is understood that all the transactions realized has been made in line with the market conditions and precedents/market values applicable at the date of the transaction as it is made with the third parties.

#### MUFG BANK TURKEY ANONİM ŞİRKETİ YÖNETİM KURULU

**Ali Vefa Çelik**  
Chairman

**Akifumi Fujimoto**  
Vice Chairman

**Çetin Özbek**  
Board Member / Chairman  
of the Audit Committee

**Nicola Louise Wickes\***  
Board Member / Audit  
Committee Member

**Takeru Kawabata**  
Board Member / Audit  
Committee Member

**Masatoshi Ban\***  
Board Member / General  
Manager

**Hülya Eroğlu**  
Board Member

\*İşbu Bağlılık Raporu Türkçe olarak da sunulmuş olup, raporu anladım ve hiçbir itirazım olmadan tümüyle mutabık kaldım.

# MUFG BANK TURKEY A.Ş

PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES AT  
31 DECEMBER 2022 WITH INDEPENDENT AUDITOR'S REPORT

(Convenience translation of publicly announced unconsolidated financial statements, related disclosures and independent auditor's report originally issued in Turkish, See Note. I.III of Section three)





**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH  
(See Note I of Section Three)  
INDEPENDENT AUDITOR'S REPORT**

**To the General Assembly of MUFG Bank Turkey A.Ş.;**

**A. Audit of the Unconsolidated Financial Statements**

**1. Opinion**

We have audited the unconsolidated balance sheet of MUFG Bank Turkey A.Ş. (“the Bank”) at 31 December 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statements notes.

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2022, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards (“TFRS”) for those matters not regulated by the aforementioned regulations.

**2. Basis for Opinion**

Our audit was conducted in accordance with the “Regulation on Independent Audit of Banks” published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and 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 Unconsolidated Financial Statements” section of our report. We hereby declare that we are independent of the Bank 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 unconsolidated 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.

**3. Key Audit Matters**

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

*PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul-Turkey  
T: +90 212 326 6060, F: +90 212 326 6050, [www.pwc.com.tr](http://www.pwc.com.tr) Mersis Numaramız: 0-1460-0224-0500015*



| Key Audit Matters  | How Our Audit Addressed the Key Audit Matter   |
|--|--|
| <p><b><i>Expected Credit Loss in Accordance with TFRS 9</i></b></p> <p>The Bank has total expected credit losses of TL 155,451 thousand in respect to loans of TL 21,282,268 thousand which represent a significant portion of the Bank’s total assets in its unconsolidated financial statements as at 31 December 2022. Explanations and notes related to provision for impairment of loans are presented Section Three Part VIII, Section Four Part II, Section Four Part XI-2, Section Five Part I-5 and Section Five Part II-7 in the accompanying unconsolidated financial statements as at 31 December 2022.</p> <p>The Bank recognizes provision for impairment in accordance with “TFRS 9 Financial Instruments” (“TFRS 9”) requirements and the “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided” as published in the Official Gazette dated 22 June 2016 numbered 29750. The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment; the significance of the loan balances; the classification of loans as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and 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 key audit matter.</p> | <p>With respect to stage classification of loans and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Bank’s scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>Within the framework of the policies and procedures applied by the Bank, together with our financial risk experts, we have checked and assessed the appropriateness of the methods used in the model developed for staging of loans and calculation of expected credit losses in accordance with TFRS 9. For forward looking assumptions (including macroeconomic factors) made by the Bank’s management in its expected credit loss calculation, we held discussions with management and evaluated the assumptions using publicly available information. We have tested model calculations through re-performance together with our modelling specialists on a sample selection basis.</p> <p>We have carried loan review on a selected sample of loans 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.</p> <p>We have reviewed the appropriateness and sufficiency of disclosures made in the financial statements of the Bank with respect to loan and related impairment provision.</p> |



#### **4. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial**

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

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

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

#### **5. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

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

Our 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 "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and 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 unconsolidated financial statements.



As part of an independent audit conducted in accordance with “Regulation on Independent Audit of Banks” published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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



**B. Other Responsibilities Arising From Regulatory Requirements**

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 Bank'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 Bank'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.

***Additional Paragraph for Convenience Translation:***

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 December 2022. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Zeynep Uras, SMMM  
Partner

Istanbul, 1 March 2023



**UNCONSOLIDATED FINANCIAL REPORT OF MUFG BANK TURKEY A.Ş.  
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2022**

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The unconsolidated year-end financial report prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

1. GENERAL INFORMATION ABOUT THE BANK
2. UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
3. EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
4. INFORMATION ON FINANCIAL STRUCTURE OF THE BANK AND RISK MANAGEMENT
5. EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
6. OTHER EXPLANATIONS
7. INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and the explanatory footnotes and disclosures unless otherwise indicated, are prepared in **thousands of Turkish Lira**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently audited and presented as attached.

**ALİ VEFA ÇELİK**  
Chairman of the Board of  
Directors

**ÇETİN ÖZBEK**  
Chairman of the Audit  
Committee

**NICOLA LOUISE WICKES**  
Member of the Audit  
Committee

**TAKERU KAWABATA**  
Member of the Audit  
Committee

**MASATOSHI BĀN**  
General Manager

**HIROYUKI NISHIWADA**  
Director

**ÖNDER GÖKALP**  
Director

Information related to personnel to whom questions related to this financial report may be directed.

Name-Surname/Title : Melizan ÜZÜLMEZ / Vice President

Telephone Number : (0216) 600 30 84

Fax Number : (0216) 290 64 73

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Convenience translation of publicly announced unconsolidated financial statements, related disclosures originally issued in Turkish, See Note I. of Section three

# MUFG BANK TURKEY A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

### SECTION ONE

#### GENERAL INFORMATION

##### I. Bank's foundation date, start-up status, history regarding the changes in this status

MUFG Bank Turkey A.Ş. ("Bank") started to operate as a representative in Turkey through Mufg Bank, Ltd's representative office opened in 1986. The bank was given permission to establish a deposit bank in Turkey with the decision of the Banking Regulation and Supervision Agency dated 20 December 2012 and numbered 5108. With the Decision of the Banking Regulation and Supervision Agency, dated September 19,2013 and numbered 5520, published in the official Gazette dated September 24, 2013 and numbered 28775, the bank was authorized to operate. Former title Bank of Tokyo-Mitsubishi, which is the name of the Bank, was changed to MUFG Bank Turkey A.Ş. It was decided to start with the name of the Bank, changed to MUFG Bank Turkey A.Ş.

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

Established by the merger of Tokyo-Mitsubishi Ltd and UFJ Ltd on 1 January 2006, the Bank of Tokyo-Mitsubishi UFJ Ltd., which has 100 years of experience both in Japan and international financial markets, have the resources to meet the needs of a growing customer base quickly and effectively. On On 1 April 2018, the name of MUFG's commercial bank changed from "The Bank of Tokyo-Mitsubishi UFJ, Ltd." to "MUFG Bank, Ltd."(MUFG Bank).

MUFG Bank has a branch network exceeding 400 branches in Japan. MUFG Bank has over 100 branches in the world's leading financial and commercial centers. MUFG Bank offers an option of comprehensive financial products and services to institutions, governments and individual customers. It provides a wide range of products and services in commercial banking, investment banking and investment advisory areas through overseas branches and subsidiaries. BTMU integrated as a unit to respond to all the financial needs of its customers comprehensively and flexible and is the main branch of Mitsubishi UFJ Financial Group Inc. (MUFG) in the field of commercial banking.

##### III. Explanations regarding the shares of the bank owned by and areas of responsibility of the Chairman and the members of Board of Directors, Audit Committee members, Chief Executive Officer, Deputy General Managers

| Responsibility Area                            | Name and Surname     | Responsibility Area  | Appointment Date | Education      | Experience |
|--|----------------------|--|------------------|----------------|------------|
| Chairman of Board of Directors                 | Ali Vefa Çelik       | Chairman of Board of Directors   | 16.02.2016       | Graduate       | 44 Years   |
|  |                      | Member of Board of Directors   | 26.06.2013       |                |            |
|  |                      | Head of the Corporate Governance Committee   | 16.02.2016       |                |            |
|  |                      | Head of Remuneration Committee   | 16.02.2016       |                |            |
| Vice Chairman of Board of Directors            | Akifumi Fujimoto     | Vice Chairman of Board of Directors  | 20.07.2022       | Graduate       | 25 Years   |
|  |                      | Member of Remuneration Committee   | 20.07.2022       |                |            |
| Member of Board of Directors / General Manager | Masatoshi Ban        | Member of Board of Directors   | 10.05.2019       | Under-graduate | 29 Years   |
|  |                      | General Manager  | 10.05.2019       |                |            |
|  |                      | Member of Corporate Management Committee   | 22.05.2019       |                |            |
| Member of Board of Directors                   | Çetin Özbek          | Member of Board of Directors   | 29.12.2015       | Under-graduate | 35 Years   |
|  |                      | Head of Audit Committee  | 16.02.2016       |                |            |
| Member of Board of Directors                   | Nicola Louise Wickes | Member of Board of Directors   | 03.07.2019       | Graduate       | 36 Years   |
| Member of Board of Directors                   | Takeru Kawabata      | Member of Board of Directors   | 10.06.2022       | Under-graduate | 27 Years   |
|  |                      | Member of Audit Committee  | 12.12.2022       |                |            |
| Member of Board of Directors                   | Hülya Eroğlu         | Member of Board of Directors   | 29.03.2022       | Under-Graduate | 31 Years   |
| Assistant General Manager                      | Kozo Taniwaki        | Deputy General Manager in charge of Treasury, Corporate Banking 1 and Transaction Banking                      | 19.08.2019       | Under-graduate | 25 Years   |
| Assistant General Manager                      | Berna Canbulat       | Deputy General Manager in charge of Operations, Information Technologies, Human Resources and General Services | 01.04.2022       | Under-graduate | 29 Years   |

The individuals above do not have any significant shares in the Bank.

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Convenience translation of publicly announced unconsolidated financial statements, related disclosures originally issued in Turkish, See Note I. of Section three

# MUFG BANK TURKEY A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

### GENERAL INFORMATION (Continued)

#### IV. Individuals and institutions that have qualified shares in the Bank

| <u>Name Surname/<br/>Commercial Title</u> | <u>Share<br/>Amount<br/>(Nominal)</u> | <u>Ownership<br/>Ratios</u> | <u>Paid in Capital<br/>(Nominal)</u> | <u>Unpaid<br/>Portion</u> |
|---|---------------------------------------|-----------------------------|--------------------------------------|---------------------------|
| MUFG Bank Ltd.                            | 527,700                               | %100                        | 527,700                              | %100                      |

#### V. Summary information on the Bank's services and activity areas

The Bank is organized in corporate banking with the permission to do all the activities as set out in the Article 4 of the Banking Act. The Bank's General Directorate is located in Istanbul, Turkey. As of 31 December 2022, the Bank serves 80 employees (31 December 2021: 78).

#### VI. Other information

The financial statements, related disclosures and notes in this report are prepared, unless otherwise indicated, in thousands of Turkish Lira (TRY).

#### VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries

None.

Convenience translation of publicly announced unconsolidated financial statements, related disclosures originally issued in Turkish, See Note I. of Section three

# MUFG BANK TURKEY A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

### SECTION TWO

#### UNCONSOLIDATED FINANCIAL STATEMENTS

| ASSETS   | Notes    | Current Period<br>31 December 2022 |                   |                   | Prior Period<br>31 December 2021 |                   |                   |
|--|----------|------------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
|  |          | TRY                                | FC                | Total             | TRY                              | FC                | Total             |
| <b>I. FINANCIAL ASSETS (Net)</b>   |          | <b>302,050</b>                     | <b>14,773,609</b> | <b>15,075,659</b> | <b>503,530</b>                   | <b>7,378,102</b>  | <b>7,881,632</b>  |
| <b>1.1 Cash and cash equivalents</b>   |          | <b>221,027</b>                     | <b>14,753,137</b> | <b>14,974,164</b> | <b>495,637</b>                   | <b>7,269,315</b>  | <b>7,764,952</b>  |
| 1.1.1 Cash and balances Central Bank   | (5.1.1)  | 32,720                             | 12,238,543        | 12,271,263        | 56,417                           | 5,657,687         | 5,714,104         |
| 1.1.2 Banks  | (5.1.3)  | 190,328                            | 2,514,594         | 2,704,922         | 440,269                          | 1,611,628         | 2,051,897         |
| 1.1.3 Receivables from Money Markets   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 1.1.4 Expected credit losses (-)   | (5.1.5)  | 2,021                              | -                 | 2,021             | 1,049                            | -                 | 1,049             |
| <b>1.2 Financial assets at fair value through profit or loss</b>   |          | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| 1.2.1 Public debt securities   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 1.2.2 Equity instruments   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 1.2.3 Other financial assets   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>1.3 Financial assets at fair value through other comprehensive income</b>                               |          | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| 1.3.1 Public debt securities   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 1.3.2 Equity instruments   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 1.3.3 Other financial assets   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>1.4 Derivative financial assets</b>   | (5.1.2)  | <b>81,023</b>                      | <b>20,472</b>     | <b>101,495</b>    | <b>7,893</b>                     | <b>108,787</b>    | <b>116,680</b>    |
| 1.4.1 Derivative financial assets at fair value through profit or loss                                     |          | 81,023                             | 20,472            | 101,495           | 7,893                            | 108,787           | 116,680           |
| 1.4.2 Derivative financial assets at fair value through other comprehensive income                         |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST</b>   |          | <b>1,969,341</b>                   | <b>19,157,476</b> | <b>21,126,817</b> | <b>1,579,568</b>                 | <b>13,707,688</b> | <b>15,287,256</b> |
| <b>2.1 Loans</b>   | (5.1.6)  | <b>2,124,792</b>                   | <b>19,157,476</b> | <b>21,282,268</b> | <b>1,644,986</b>                 | <b>13,707,688</b> | <b>15,352,674</b> |
| 2.2 Receivables from leasing transactions  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 2.3 Factoring receivables  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>2.4 Other financial assets measured at amortized cost</b>   |          | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| 2.4.1 Public debt securities   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 2.4.2 Other financial assets   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>2.5 Expected credit losses (-)</b>  | (5.1.6)  | <b>155,451</b>                     | <b>-</b>          | <b>155,451</b>    | <b>65,418</b>                    | <b>-</b>          | <b>65,418</b>     |
| <b>III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)</b> |          | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| 3.1 Held for sale  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 3.2 Held from discontinued operations  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>                                      |          | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| <b>4.1 Investments in associates (Net)</b>   |          | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| 4.1.1 Associates accounted by using equity method  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 4.1.2 Non-consolidated associates  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>4.2 Investments in subsidiaries (Net)</b>   |          | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| 4.2.1 Non-consolidated financial subsidiaries  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 4.2.2 Non-consolidated non-financial subsidiaries  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)</b>  |          | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| 4.3.1 Jointly controlled partnerships accounted by using equity method                                     |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 4.3.2 Non-consolidated jointly controlled partnerships   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>V. TANGIBLE ASSETS (Net)</b>  | (5.1.14) | <b>9,696</b>                       | <b>-</b>          | <b>9,696</b>      | <b>11,410</b>                    | <b>-</b>          | <b>11,410</b>     |
| <b>VI. INTANGIBLE ASSETS AND GOODWILL (Net)</b>  | (5.1.15) | <b>8,256</b>                       | <b>-</b>          | <b>8,256</b>      | <b>8,068</b>                     | <b>-</b>          | <b>8,068</b>      |
| 6.1 Goodwill   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 6.2 Other  |          | 8,256                              | -                 | 8,256             | 8,068                            | -                 | 8,068             |
| <b>VII. INVESTMENT PROPERTIES (Net)</b>  |          | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| <b>VIII. CURRENT TAX ASSETS</b>  |          | <b>-</b>                           | <b>-</b>          | <b>-</b>          | <b>-</b>                         | <b>-</b>          | <b>-</b>          |
| <b>IX. DEFERRED TAX ASSETS</b>   | 5.1.16)  | <b>41,213</b>                      | <b>-</b>          | <b>41,213</b>     | <b>7,363</b>                     | <b>-</b>          | <b>7,363</b>      |
| <b>X. OTHER ASSETS</b>   | (5.1.18) | <b>74,390</b>                      | <b>299,153</b>    | <b>373,543</b>    | <b>38,677</b>                    | <b>151,027</b>    | <b>189,704</b>    |
| <b>TOTAL ASSETS</b>  |          | <b>2,404,946</b>                   | <b>34,230,238</b> | <b>36,635,184</b> | <b>2,148,616</b>                 | <b>21,236,817</b> | <b>23,385,433</b> |

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

Convenience translation of publicly announced unconsolidated financial statements, related disclosures originally issued in Turkish, See Note I. of Section three

# MUFG BANK TURKEY A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

|  | Notes    | Current Period<br>31 December 2022 |                   |                   | Prior Period<br>31 December 2021 |                   |                   |
|--|----------|------------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
|  |          | TRY                                | FC                | Total             | TRY                              | FC                | Total             |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |          |                                    |                   |                   |                                  |                   |                   |
| <b>I. DEPOSITS</b>   | (5.2.1)  | 662,886                            | 12,859,978        | 13,522,864        | 344,428                          | 10,380,956        | 10,725,384        |
| <b>II. BORROWINGS</b>  | (5.2.3)  | -                                  | 20,900,731        | 20,900,731        | -                                | 11,033,914        | 11,033,914        |
| <b>III. MONEY MARKET FUNDS</b>   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>IV. MARKETABLE SECURITIES (Net)</b>   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 4.1 Bills  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 4.2 Asset backed securities  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 4.3 Bonds  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>V. FUNDS</b>  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 5.1 Borrower funds   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 5.2 Other  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>                                      |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>   | (5.2.2)  | 21,725                             | 24,948            | 46,673            | 41,940                           | 10,998            | 52,938            |
| 7.1 Derivative financial liabilities at fair value through profit or loss                                  |          | 21,725                             | 24,948            | 46,673            | 41,940                           | 10,998            | 52,938            |
| 7.2 Derivative financial liabilities at fair value through other comprehensive income                      |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>VIII. FACTORING PAYABLES</b>  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>IX. LEASE PAYABLES (NET)</b>  | (5.2.6)  | 3,875                              | -                 | 3,875             | 5,120                            | -                 | 5,120             |
| <b>X. PROVISIONS</b>   | (5.2.8)  | 44,791                             | -                 | 44,791            | 23,558                           | -                 | 23,558            |
| 10.1 Provision for restructuring   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 10.2 Reserves for employee benefits  |          | 33,717                             | -                 | 33,717            | 19,359                           | -                 | 19,539            |
| 10.3 Insurance technical reserves (Net)  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 10.4 Other provisions  |          | 11,074                             | -                 | 11,074            | 4,199                            | -                 | 4,199             |
| <b>XI. CURRENT TAX LIABILITIES</b>   | (5.2.9)  | 72,034                             | -                 | 72,034            | 26,770                           | -                 | 26,770            |
| <b>XII. DEFERRED TAX LIABILITIES</b>   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)</b> |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 13.1 Held for sale   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 13.2 Related to discontinued operations  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>XIV. SUBORDINATED DEBT</b>  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 14.1 Loans   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 14.2 Other debt instruments  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>XV. OTHER LIABILITIES</b>   |          | 36,145                             | 8                 | 36,153            | 21,393                           | 34,650            | 56,043            |
| <b>XVI. SHAREHOLDERS' EQUITY</b>   | (5.2.12) | 2,008,063                          | -                 | 2,008,063         | 1,461,706                        | -                 | 1,461,706         |
| 16.1 Paid-in capital   |          | 527,700                            | -                 | 527,700           | 527,700                          | -                 | 527,700           |
| 16.2 Capital reserves  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 16.2.1 Equity share premiums   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 16.2.2 Share cancellation profits  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 16.2.3 Other capital reserves  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 16.3 Other accumulated comprehensive income that will not be reclassified                                  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| in profit or loss  |          | (778)                              | -                 | (778)             | (64)                             | -                 | (64)              |
| 16.4 Other accumulated comprehensive income that will be reclassified in profit or loss                    |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 16.5 Profit reserves   |          | 45,565                             | -                 | 45,565            | 30,688                           | -                 | 30,688            |
| 16.5.1 Legal reserves  |          | 45,565                             | -                 | 45,565            | 30,688                           | -                 | 30,688            |
| 16.5.2 Statutory reserves  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 16.5.3 Extraordinary reserves  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 16.5.4 Other profit reserves   |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| 16.6 Profit or loss  |          | 1,435,576                          | -                 | 1,435,576         | 903,382                          | -                 | 903,382           |
| 16.6.1 Prior years' profits or losses  |          | 888,505                            | -                 | 888,505           | 605,841                          | -                 | 605,841           |
| 16.6.2 Current period net profit or loss   |          | 547,071                            | -                 | 547,071           | 297,541                          | -                 | 297,541           |
| 16.7 Minority interests  |          | -                                  | -                 | -                 | -                                | -                 | -                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>2,849,519</b>                   | <b>33,785,665</b> | <b>36,635,184</b> | <b>1,924,915</b>                 | <b>21,460,518</b> | <b>23,385,433</b> |

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

Convenience translation of publicly announced unconsolidated financial statements, related disclosures originally issued in Turkish, See Note I. of Section three

# MUFG BANK TURKEY A.Ş.

## UNCONSOLIDATED OFF BALANCE SHEET COMMITMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

|  | Notes  | Current Period<br>31 December 2022 |                   |                   | Prior Period<br>31 December 2021 |                   |                   |
|--|--|------------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
|  |  | TRY                                | FC                | Total             | TRY                              | FC                | Total             |
| <b>A.</b>  | <b>OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>                  | <b>7,416,933</b>                   | <b>9,674,969</b>  | <b>17,091,902</b> | <b>2,667,082</b>                 | <b>15,724,122</b> | <b>18,391,204</b> |
| <b>I.</b>  | <b>GUARANTEES AND WARRANTIES</b>                                 | <b>(5.3.1)</b>                     | <b>1,402,679</b>  | <b>837,060</b>    | <b>2,239,739</b>                 | <b>600,180</b>    | <b>2,096,186</b>  |
| <b>1.1.</b>                                      | <b>Letters of guarantee</b>                                      |                                    | <b>1,372,682</b>  | <b>822,148</b>    | <b>2,194,830</b>                 | <b>600,180</b>    | <b>1,187,629</b>  |
| 1.1.1.   | Guarantees subject to State Tender Law                           |                                    | -                 | -                 | -                                | -                 | -                 |
| 1.1.2.   | Guarantees given for foreign trade operations                    |                                    | -                 | -                 | -                                | -                 | -                 |
| 1.1.3.   | Other letters of guarantee                                       |                                    | 1,372,682         | 822,148           | 2,194,830                        | 600,180           | 1,187,629         |
| <b>1.2.</b>                                      | <b>Bank acceptances</b>  |                                    | -                 | -                 | -                                | -                 | -                 |
| 1.2.1.   | Import letter of acceptance                                      |                                    | -                 | -                 | -                                | -                 | -                 |
| 1.2.2.   | Other bank acceptances   |                                    | -                 | -                 | -                                | -                 | -                 |
| <b>1.3.</b>                                      | <b>Letters of credit</b>   |                                    | <b>29,997</b>     | <b>14,912</b>     | <b>44,909</b>                    | <b>1,496,741</b>  | <b>1,496,741</b>  |
| 1.3.1.   | Documentary letters of credit                                    |                                    | -                 | -                 | -                                | -                 | -                 |
| 1.3.2.   | Other letters of credit  |                                    | 29,997            | 14,912            | 44,909                           | 1,496,741         | 1,496,741         |
| <b>1.4.</b>                                      | <b>Pre-financing given as guarantee</b>                          |                                    | -                 | -                 | -                                | -                 | -                 |
| <b>1.5.</b>                                      | <b>Endorsements</b>  |                                    | -                 | -                 | -                                | -                 | -                 |
| 1.5.1.   | Endorsements to the Central Bank of Turkey                       |                                    | -                 | -                 | -                                | -                 | -                 |
| 1.5.2.   | Other endorsements   |                                    | -                 | -                 | -                                | -                 | -                 |
| <b>1.6.</b>                                      | <b>Purchase guarantees for Securities issued</b>                 |                                    | -                 | -                 | -                                | -                 | -                 |
| <b>1.7.</b>                                      | <b>Factoring guarantees</b>                                      |                                    | -                 | -                 | -                                | -                 | -                 |
| <b>1.8.</b>                                      | <b>Other guarantees</b>  |                                    | -                 | -                 | -                                | 11,996            | 11,996            |
| <b>1.9.</b>                                      | <b>Other warranties</b>  |                                    | -                 | -                 | -                                | -                 | -                 |
| <b>II.</b>                                       | <b>COMMITMENTS</b>   | <b>(5.3.1)</b>                     | <b>86,034</b>     | <b>456,070</b>    | <b>542,104</b>                   | <b>312,687</b>    | <b>4,864,169</b>  |
| <b>2.1.</b>                                      | <b>Irrevocable commitments</b>                                   |                                    | <b>86,034</b>     | <b>456,070</b>    | <b>542,104</b>                   | <b>312,687</b>    | <b>4,864,169</b>  |
| 2.1.1.   | Asset purchase and sales commitments                             |                                    | 18,720            | 27,470            | 46,190                           | 312,687           | 4,864,169         |
| 2.1.2.   | Deposit purchase and sales commitments                           |                                    | -                 | 428,600           | 428,600                          | -                 | -                 |
| 2.1.3.   | Share capital commitment to associates and subsidiaries          |                                    | -                 | -                 | -                                | -                 | -                 |
| 2.1.4.   | Loan granting commitments  |                                    | 67,314            | -                 | 67,314                           | -                 | -                 |
| 2.1.5.   | Securities issue brokerage commitments                           |                                    | -                 | -                 | -                                | -                 | -                 |
| 2.1.6.   | Commitments for reserve requirements                             |                                    | -                 | -                 | -                                | -                 | -                 |
| 2.1.7.   | Commitments for checks payments                                  |                                    | -                 | -                 | -                                | -                 | -                 |
| 2.1.8.   | Tax and fund liabilities from export commitments                 |                                    | -                 | -                 | -                                | -                 | -                 |
| 2.1.9.   | Commitments for credit card expenditure limits                   |                                    | -                 | -                 | -                                | -                 | -                 |
| 2.1.10.  | Commitments for credit cards and banking services promotions     |                                    | -                 | -                 | -                                | -                 | -                 |
| 2.1.11.  | Receivables from short sale commitments of marketable securities |                                    | -                 | -                 | -                                | -                 | -                 |
| 2.1.12.  | Payables for short sale commitments of marketable securities     |                                    | -                 | -                 | -                                | -                 | -                 |
| 2.1.13.  | Other irrevocable commitments                                    |                                    | -                 | -                 | -                                | -                 | -                 |
| <b>2.2.</b>                                      | <b>Revocable commitments</b>                                     |                                    | -                 | -                 | -                                | -                 | -                 |
| 2.2.1.   | Revocable loan granting commitments                              |                                    | -                 | -                 | -                                | -                 | -                 |
| 2.2.2.   | Other revocable commitments                                      |                                    | -                 | -                 | -                                | -                 | -                 |
| <b>III.</b>                                      | <b>DERIVATIVE FINANCIAL INSTRUMENTS</b>                          |                                    | <b>5,928,220</b>  | <b>8,381,839</b>  | <b>14,310,059</b>                | <b>1,754,215</b>  | <b>9,076,454</b>  |
| <b>3.1</b>                                       | <b>Derivative financial instruments held for hedging</b>         |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.1.1.   | Fair value hedges  |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.1.2.   | Cash flow hedges   |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.1.3.   | Hedges for investments made in foreign countries                 |                                    | -                 | -                 | -                                | -                 | -                 |
| <b>3.2</b>                                       | <b>Trading transactions</b>                                      |                                    | <b>5,928,220</b>  | <b>8,381,839</b>  | <b>14,310,059</b>                | <b>1,754,215</b>  | <b>10,830,669</b> |
| 3.2.1.   | Forward foreign currency purchase and sale transactions          |                                    | 3,600,685         | 5,180,052         | 8,780,737                        | 244,259           | 1,942,936         |
| 3.2.1.1.   | Forward foreign currency purchase transactions                   |                                    | 3,194,261         | 1,235,511         | 4,429,772                        | 228,086           | 867,748           |
| 3.2.1.2.   | Forward foreign currency sale transactions                       |                                    | 406,424           | 3,944,541         | 4,350,965                        | 16,173            | 1,075,188         |
| 3.2.2.   | Currency and interest rate swaps                                 |                                    | 2,327,535         | 3,201,787         | 5,529,322                        | 1,509,956         | 7,133,518         |
| 3.2.2.1.   | Currency swap purchase transactions                              |                                    | 36,709            | 2,720,347         | 2,757,056                        | 381,667           | 3,976,119         |
| 3.2.2.2.   | Currency swap sale transactions                                  |                                    | 2,290,826         | 481,440           | 2,772,266                        | 1,128,289         | 3,157,399         |
| 3.2.2.3.   | Interest rate swap purchase transactions                         |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.2.4.   | Interest rate swap sale transactions                             |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.3.   | Currency, interest rate and securities options                   |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.3.1.   | Currency purchase options  |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.3.2.   | Currency sale options  |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.3.3.   | Interest rate purchase options                                   |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.3.4.   | Interest rate sale options                                       |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.3.5.   | Securities purchase options                                      |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.3.6.   | Securities sale options  |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.4.   | Currency futures   |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.4.1.   | Currency purchase futures  |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.4.2.   | Currency sale futures  |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.5.   | Interest rate futures  |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.5.1.   | Interest rate purchase futures                                   |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.5.2.   | Interest rate sale futures                                       |                                    | -                 | -                 | -                                | -                 | -                 |
| 3.2.6.   | Other  |                                    | -                 | -                 | -                                | -                 | -                 |
| <b>B.</b>  | <b>CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>                  |                                    | <b>-</b>          | <b>2,830,361</b>  | <b>2,830,361</b>                 | <b>229</b>        | <b>2,065,800</b>  |
| <b>IV.</b>                                       | <b>ITEMS HELD IN CUSTODY</b>                                     |                                    | -                 | -                 | -                                | 229               | 229               |
| 4.1.   | Assets under management  |                                    | -                 | -                 | -                                | -                 | -                 |
| 4.2.   | Securities held in custody                                       |                                    | -                 | -                 | -                                | -                 | -                 |
| 4.3.   | Checks received for collection                                   |                                    | -                 | -                 | -                                | 229               | 229               |
| 4.4.   | Commercial notes received for collection                         |                                    | -                 | -                 | -                                | -                 | -                 |
| 4.5.   | Other assets received for collection                             |                                    | -                 | -                 | -                                | -                 | -                 |
| 4.6.   | Securities received for public offering                          |                                    | -                 | -                 | -                                | -                 | -                 |
| 4.7.   | Other items under custody  |                                    | -                 | -                 | -                                | -                 | -                 |
| 4.8.   | Custodians   |                                    | -                 | -                 | -                                | -                 | -                 |
| <b>V.</b>  | <b>PLEDGED ITEMS</b>   |                                    | -                 | -                 | -                                | -                 | -                 |
| 5.1.   | Marketable securities  |                                    | -                 | -                 | -                                | -                 | -                 |
| 5.2.   | Guarantee notes  |                                    | -                 | -                 | -                                | -                 | -                 |
| 5.3.   | Commodity  |                                    | -                 | -                 | -                                | -                 | -                 |
| 5.4.   | Warrant  |                                    | -                 | -                 | -                                | -                 | -                 |
| 5.5.   | Immovables   |                                    | -                 | -                 | -                                | -                 | -                 |
| 5.6.   | Other pledged items  |                                    | -                 | -                 | -                                | -                 | -                 |
| 5.7.   | Depositories receiving pledged items                             |                                    | -                 | -                 | -                                | -                 | -                 |
| <b>VI.</b>                                       | <b>ACCEPTED GUARANTEES AND WARRANTIES</b>                        |                                    | <b>-</b>          | <b>2,830,361</b>  | <b>2,830,361</b>                 | <b>-</b>          | <b>2,065,800</b>  |
| <b>TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)</b> |  | <b>7,416,933</b>                   | <b>12,505,330</b> | <b>19,922,263</b> | <b>2,667,311</b>                 | <b>17,789,922</b> | <b>20,457,233</b> |

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



Convenience translation of publicly announced unconsolidated financial statements, related disclosures originally issued in Turkish, See Note I. of Section three

# MUFG BANK TURKEY A.Ş.

## UNCONSOLIDATED STATEMENT OF INCOME

### FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

|  | Notes           | Current Period<br>1 January 2022-<br>31 December 2022 | Prior Period<br>1 January 2021-<br>31 December 2021 |
|--|-----------------|---|---|
| <b>I. INTEREST INCOME</b>  | <b>(5.4.1)</b>  | <b>1,048,273</b>                                      | <b>473,611</b>                                      |
| 1.1 Interest on loans  |                 | 994,923   | 423,481   |
| 1.2 Interest received from reserve deposits                                    |                 | 1,222   | 3,469   |
| 1.3 Interest received from banks   |                 | 42,189  | 40,562  |
| 1.4 Interest received from money market transactions                           |                 | 7,337   | 5,125   |
| 1.5 Interest received from marketable securities portfolio                     |                 | -   | -   |
| 1.5.1 Financial assets at fair value through profit or loss                    |                 | -   | -   |
| 1.5.2 Financial assets at fair value through other comprehensive income        |                 | -   | -   |
| 1.5.3 Financial assets measured at amortized cost                              |                 | -   | -   |
| 1.6 Finance lease income   |                 | -   | -   |
| 1.7 Other interest income  |                 | 2,602   | 974   |
| <b>II. INTEREST EXPENSES (-)</b>   | <b>(5.4.2)</b>  | <b>390,204</b>  | <b>92,010</b>                                       |
| 2.1 Interest on deposits   |                 | 204,904   | 68,242  |
| 2.2 Interest on funds borrowed   |                 | 161,678   | 20,144  |
| 2.3 Interest on money market transactions                                      |                 | 1,693   | 2,420   |
| 2.4 Interest on securities issued  |                 | -   | -   |
| 2.5 Lease interest expense   |                 | 634   | 954   |
| 2.6 Other interest expenses  |                 | 21,295  | 250   |
| <b>III. NET INTEREST INCOME/EXPENSE (I - II)</b>                               |                 | <b>658,069</b>  | <b>381,601</b>                                      |
| <b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>                            |                 | <b>(67,398)</b>                                       | <b>(2,714)</b>                                      |
| 4.1 Fees and commissions received  |                 | 56,198  | 36,740  |
| 4.1.1 Non-cash loans   |                 | 23,041  | 9,757   |
| 4.1.2 Other  |                 | 33,157  | 26,983  |
| 4.2 Fees and commissions paid (-)  |                 | 123,596   | 39,454  |
| 4.2.1 Non-cash loans   |                 | -   | -   |
| 4.2.2 Other  |                 | 123,596   | 39,454  |
| <b>V. DIVIDEND INCOME</b>  |                 | <b>-</b>  | <b>-</b>  |
| <b>VI. TRADING PROFIT/LOSS (Net)</b>   | <b>(5.4.4)</b>  | <b>413,917</b>  | <b>125,463</b>                                      |
| 6.1 Profit/losses from capital market transactions                             |                 | -   | -   |
| 6.2 Profit/losses from derivative financial transactions                       |                 | 384,555   | 52,409  |
| 6.3 Foreign exchange profit/losses   |                 | 29,362  | 73,054  |
| <b>VII. OTHER OPERATING INCOME</b>   | <b>(5.4.5)</b>  | <b>2,019</b>  | <b>2,350</b>  |
| <b>VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>          |                 | <b>1,006,607</b>                                      | <b>506,700</b>                                      |
| <b>IX. EXPECTED CREDIT LOSSES (-)</b>  | <b>(5.4.6)</b>  | <b>98,660</b>   | <b>12,795</b>                                       |
| <b>X. OTHER PROVISION EXPENSES (-)</b>   | <b>(5.4.6)</b>  | <b>23,923</b>   | <b>8,626</b>  |
| <b>XI. PERSONNEL EXPENSES (-)</b>  |                 | <b>89,274</b>   | <b>52,988</b>                                       |
| <b>XII. OTHER OPERATING EXPENSES (-)</b>                                       | <b>(5.4.7)</b>  | <b>65,012</b>   | <b>38,728</b>                                       |
| <b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>                      |                 | <b>729,738</b>  | <b>393,563</b>                                      |
| <b>XIV. SURPLUS WRITTEN AS GAIN</b>  |                 | <b>-</b>  | <b>-</b>  |
| <b>AFTER MERGER</b>  |                 |   |   |
| <b>XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>                 |                 | <b>-</b>  | <b>-</b>  |
| <b>XVI. NET MONETARY POSITION GAIN/LOSS</b>                                    |                 | <b>-</b>  | <b>-</b>  |
| <b>XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII...+XVI)</b> |                 | <b>729,738</b>  | <b>393,563</b>                                      |
| <b>XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>     | <b>(5.4.8)</b>  | <b>182,667</b>  | <b>96,022</b>                                       |
| 18.1 Current tax provision   |                 | 216,279   | 90,729  |
| 18.2 Expense effect of deferred tax (+)  |                 | -   | 5,293   |
| 18.3 Income effect of deferred tax (-)   |                 | 33,612  | -   |
| <b>XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>            | <b>(5.4.9)</b>  | <b>547,071</b>  | <b>297,541</b>                                      |
| <b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>                                 |                 | <b>-</b>  | <b>-</b>  |
| 20.1 Income from assets held for sale  |                 | -   | -   |
| 20.2 Profit from sale of associates, subsidiaries and joint ventures           |                 | -   | -   |
| 20.3 Other income from discontinued operations                                 |                 | -   | -   |
| <b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>                          |                 | <b>-</b>  | <b>-</b>  |
| 21.1 Expenses on assets held for sale  |                 | -   | -   |
| 21.2 Losses from sale of associates, subsidiaries and joint ventures           |                 | -   | -   |
| 21.3 Other expenses from discontinued operations                               |                 | -   | -   |
| <b>XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)</b>    |                 | <b>-</b>  | <b>-</b>  |
| <b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>                    |                 | <b>-</b>  | <b>-</b>  |
| 23.1 Current tax provision   |                 | -   | -   |
| 23.2 Expense effect of deferred tax (+)  |                 | -   | -   |
| 23.3 Income effect of deferred tax (-)   |                 | -   | -   |
| <b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>         |                 | <b>-</b>  | <b>-</b>  |
| <b>XXV. NET PROFIT/LOSSES (XIX+XXIV)</b>                                       | <b>(5.4.10)</b> | <b>547,071</b>  | <b>297,541</b>                                      |
| 25.1 Equity holders of the Bank  |                 | -   | -   |
| 25.2 Non-controlling interest (-)  |                 | -   | -   |
| Profit/Loss per 100 shares (full TRY)  |                 | -   | -   |

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Convenience translation of publicly announced unconsolidated financial statements, related disclosures originally issued in Turkish, See Note I. of Section three

# MUFG BANK TURKEY A.Ş.

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

|  | Current Period<br>1 January 2022-<br>31 December 2022 | Prior Period<br>1 January 2021-<br>31 December 2021 |
|--|---|---|
| <b>PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>   |   |   |
| <b>I. PROFIT (LOSS)</b>  | <b>547,071</b>  | <b>297,541</b>                                      |
| <b>II. OTHER COMPREHENSIVE INCOME</b>  | <b>(714)</b>  | <b>-</b>  |
| <b>2.1. Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss</b>   | <b>(714)</b>  | <b>-</b>  |
| 2.1.1. Gains (Losses) on Revaluation of Property, Plant and Equipment  | -   | -   |
| 2.1.2. Gains (losses) on revaluation of Intangible Assets  | -   | -   |
| 2.1.3. Gains (losses) on remeasurements of defined benefit plans   | (952)   | -   |
| 2.1.4. Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss                          | -   | -   |
| 2.1.5. Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss              | 238   | -   |
| <b>2.2. Other Comprehensive Income That Will Be Reclassified Through Profit or Loss</b>  | <b>-</b>  | <b>-</b>  |
| 2.2.1. Exchange Differences on Translation   | -   | -   |
| 2.2.2. Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income | -   | -   |
| 2.2.3. Income (Loss) Related with Cash Flow Hedges   | -   | -   |
| 2.2.4. Income (Loss) Related with Hedges of Net Investments in Foreign Operations  | -   | -   |
| 2.2.5. Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss                        | -   | -   |
| 2.2.6. Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss                  | -   | -   |
| <b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>  | <b>546,357</b>  | <b>297,541</b>                                      |

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Convenience translation of publicly announced unconsolidated financial statements, related disclosures originally issued in Turkish, See Note I. of Section three

# MUFG BANK TURKEY A.Ş.

## UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

|  | STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY      |                |                            |                        |   |   | Total Shareholders' Equity |                                  |                                    |
|--|---|----------------|----------------------------|------------------------|---|---|----------------------------|----------------------------------|------------------------------------|
|  | Paid in Capital                                   | Share Premiums | Share Cancellation Profits | Other Capital Reserves | Accumulated Other Comprehensive Income or Expense That Will Be Reclassified In Profit or Loss | Accumulated Other Comprehensive Income or Expense That Will Be Reclassified In Profit or Loss |                            | Prior Period Net Income / (Loss) | Current Period Net Income / (Loss) |
| <b>Prior Period 31 December 2021</b>   |   |                |                            |                        |   |   |                            |                                  |                                    |
| I.                                     | Balance at the beginning of the period            | 527,700        | -                          | -                      | -   | -   | 612,627                    | -                                | 1,164,165                          |
| II.                                    | Adjustment in accordance with TAS 8               | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| 2.1.                                   | Effect of adjustment                              | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| 2.2.                                   | Effect of changes in accounting policies          | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| III.                                   | New Balance (I+II)                                | 527,700        | -                          | -                      | -   | -   | 612,627                    | -                                | 1,164,165                          |
| IV.                                    | Total Comprehensive Income                        | -              | -                          | -                      | -   | -   | 23,902                     | 297,541                          | 297,541                            |
| V.                                     | Capital Increase by Cash                          | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| VI.                                    | Capital Increase through Internal Reserves        | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| VII.                                   | Issued capital inflation adjustment difference    | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| VIII.                                  | Convertible Bonds                                 | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| IX.                                    | Subordinated Debt Instruments                     | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| X.                                     | Increase/(Decrease) through Other Changes, equity | -              | -                          | -                      | -   | -   | 6,786                      | (6,786)                          | -                                  |
| XI.                                    | Profit Distribution                               | -              | -                          | -                      | -   | -   | 6,786                      | (6,786)                          | -                                  |
| 11.1.                                  | Dividends distributed                             | -              | -                          | -                      | -   | -   | 6,786                      | (6,786)                          | -                                  |
| 11.2.                                  | Transfers to legal reserves                       | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| 11.3.                                  | Other   | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
|  | <b>Period End Balance</b>                         | <b>527,700</b> | <b>-</b>                   | <b>-</b>               | <b>-</b>  | <b>-</b>  | <b>605,841</b>             | <b>297,541</b>                   | <b>1,461,706</b>                   |
| <b>Current Period 31 December 2022</b> |   |                |                            |                        |   |   |                            |                                  |                                    |
| I.                                     | Balance at the beginning of the period            | 527,700        | -                          | -                      | -   | -   | 903,382                    | -                                | 1,461,706                          |
| II.                                    | Adjustment in accordance with TAS 8               | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| 2.1.                                   | Effect of adjustment                              | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| 2.2.                                   | Effect of changes in accounting policies          | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| III.                                   | New Balance (I+II)                                | 527,700        | -                          | -                      | -   | -   | 903,382                    | -                                | 1,461,706                          |
| IV.                                    | Total Comprehensive Income                        | -              | -                          | -                      | -   | -   | 30,688                     | 547,071                          | 546,357                            |
| V.                                     | Capital Increase by Cash                          | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| VI.                                    | Capital Increase through Internal Reserves        | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| VII.                                   | Issued capital inflation adjustment difference    | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| VIII.                                  | Convertible Bonds                                 | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| IX.                                    | Subordinated Debt Instruments                     | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| X.                                     | Increase/(Decrease) through Other Changes, equity | -              | -                          | -                      | -   | -   | 14,877                     | (14,877)                         | -                                  |
| XI.                                    | Profit Distribution                               | -              | -                          | -                      | -   | -   | 14,877                     | (14,877)                         | -                                  |
| 11.1.                                  | Dividends distributed                             | -              | -                          | -                      | -   | -   | 14,877                     | (14,877)                         | -                                  |
| 11.2.                                  | Transfers to legal reserves                       | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
| 11.3.                                  | Other   | -              | -                          | -                      | -   | -   | -                          | -                                | -                                  |
|  | <b>Period End Balance</b>                         | <b>527,700</b> | <b>-</b>                   | <b>-</b>               | <b>-</b>  | <b>-</b>  | <b>888,505</b>             | <b>547,071</b>                   | <b>2,008,063</b>                   |

1. Property & Equipment Revaluation Increase /Decrease  
2. Defined Benefit Pension Plan Remeasurement Gain/Loss  
3. Other (Accumulated Amount of the Shares Stated as Other Comprehensive Income Not Reclassified Through Profit or Loss and Components Not Reclassified as Other Profit or Loss of the Investments Valued by Equity Method), Translation Differences from Foreign Currency Transactions  
4. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income.  
5. Other (Cash Flow Hedges Income/Loss, Accumulated Amount of the Shares Stated as Other Comprehensive Income be Reclassified Through Profit or Loss and Components Reclassified as Other Profit or Loss of the Investments Valued by Equity Method)  
6. Other

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Convenience translation of publicly announced unconsolidated financial statements, related disclosures originally issued in Turkish, See Note I. of Section three

# MUFG BANK TURKEY A.Ş.

## UNCONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

|             | Notes  | Current Period<br>31 December 2022 | Prior Period<br>31 December 2021 |
|-------------|--|------------------------------------|----------------------------------|
| <b>A.</b>   | <b>CASH FLOWS FROM BANKING OPERATIONS</b>  |                                    |                                  |
| <b>1.1</b>  | <b>Operating profit before changes in operating assets and liabilities</b>                       | <b>418,944</b>                     | <b>379,080</b>                   |
| 1.1.1       | Interest received  | 955,129                            | 462,879                          |
| 1.1.2       | Interest paid  | (313,946)                          | (88,158)                         |
| 1.1.3       | Dividends received   | -                                  | -                                |
| 1.1.4       | Fees and commissions received  | 56,198                             | 36,740                           |
| 1.1.5       | Other income   | 2,019                              | 2,350                            |
| 1.1.6       | Collections from previously written off loans and other receivables                              | -                                  | -                                |
| 1.1.7       | Cash payments to personnel and service suppliers   | (109,219)                          | (60,473)                         |
| 1.1.8       | Taxes paid   | (376,865)                          | (144,257)                        |
| 1.1.9       | Other  | 205,628                            | 169,999                          |
|             | (5.6.3)  |                                    |                                  |
| <b>1.2</b>  | <b>Changes in operating assets and liabilities</b>   | <b>2,763,278</b>                   | <b>178,286</b>                   |
| 1.2.1       | Net (increase) decrease in financial assets at fair value through profit or loss                 | -                                  | -                                |
| 1.2.2       | Net (increase) decrease in due from banks  | (3,961,102)                        | (2,559,098)                      |
| 1.2.3       | Net (increase) decrease in loans   | (5,840,213)                        | (6,488,965)                      |
| 1.2.4       | Net (increase) decrease in other assets  | (181,234)                          | (63,448)                         |
|             | (5.6.3)  |                                    |                                  |
| 1.2.5       | Net increase (decrease) in bank deposits   | 3,150,788                          | 4,316,438                        |
| 1.2.6       | Net increase (decrease) in other deposits  | (389,106)                          | 1,370,105                        |
| 1.2.7       | Net increase (decrease) in financial liabilities at fair value through profit or loss            | -                                  | -                                |
| 1.2.8       | Net increase (decrease) in funds borrowed  | 9,826,991                          | 3,501,609                        |
| 1.2.9       | Net increase (decrease) in matured payables  | -                                  | -                                |
| 1.2.10      | Net increase (decrease) in other liabilities   | 157,154                            | 101,645                          |
|             | (5.6.3)  |                                    |                                  |
| <b>I.</b>   | <b>Net cash provided from banking operations</b>   | <b>3,182,222</b>                   | <b>557,366</b>                   |
| <b>B.</b>   | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                    |                                  |
| <b>II.</b>  | <b>Net cash provided from investing activities</b>   | <b>(3,667)</b>                     | <b>(12,323)</b>                  |
| 2.1         | Cash paid for the purchase of associates, subsidiaries and joint ventures                        | -                                  | -                                |
| 2.2         | Cash obtained from the sale of associates, subsidiaries and joint ventures                       | -                                  | -                                |
| 2.3         | Cash paid for the purchase of tangible and intangible asset                                      | (642)                              | (7,413)                          |
| 2.4         | Cash obtained from the sale of tangible and intangible asset                                     | -                                  | (980)                            |
| 2.5         | Cash paid for the purchase of financial assets at fair value through other comprehensive income  | -                                  | -                                |
| 2.6         | Cash obtained from the sale of financial assets at fair value through other comprehensive income | -                                  | -                                |
| 2.7         | Cash paid for the purchase of financial assets at amortized cost                                 | -                                  | -                                |
| 2.8         | Cash obtained from sale of financial assets at amortized cost                                    | -                                  | -                                |
| 2.9         | Other  | (3,025)                            | (3,930)                          |
| <b>C.</b>   | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                                    |                                  |
| <b>III.</b> | <b>Net cash flows from financing activities</b>  | <b>(3,217)</b>                     | <b>(2,789)</b>                   |
| 3.1         | Cash obtained from funds borrowed and securities issued  | -                                  | -                                |
| 3.2         | Cash outflow from funds borrowed and securities issued   | -                                  | -                                |
| 3.3         | Equity instruments issued  | -                                  | -                                |
| 3.4         | Dividends paid   | -                                  | -                                |
| 3.5         | Payments for lease liabilities   | (2,503)                            | (2,789)                          |
| 3.6         | Other  | (714)                              | -                                |
| <b>IV.</b>  | <b>Effect of change in foreign exchange rate on cash and cash equivalents</b>                    | <b>67,723</b>                      | <b>(156,787)</b>                 |
| <b>V.</b>   | <b>Net increase/(decrease) in cash and cash equivalents</b>                                      | <b>3,243,061</b>                   | <b>385,467</b>                   |
| <b>VI.</b>  | <b>Cash and cash equivalents at beginning of the period</b>                                      | <b>2,054,008</b>                   | <b>1,668,541</b>                 |
|             | (5.6.1)  |                                    |                                  |
| <b>VII.</b> | <b>Cash and cash equivalents at end of the period</b>  | <b>5,297,069</b>                   | <b>2,054,008</b>                 |
|             | (5.6.1)  |                                    |                                  |

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# MUFG BANK TURKEY A.Ş.

## PROFIT APPROPRIATION STATEMENT

### FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

|             | Notes  | Current Period<br>31 December 2022 | Prior Period<br>31 December 2021 |
|-------------|--|------------------------------------|----------------------------------|
| <b>I.</b>   | <b>DISTRIBUTION OF CURRENT YEAR PROFIT</b>                     |                                    |                                  |
| 1.1         | CURRENT YEAR'S PROFIT  | 729,738                            | 393,563                          |
| 1.2         | TAXES AND LEGAL DUTIES PAYABLE                                 | 182,667                            | 96,022                           |
| 1.2.1       | Corporate tax (income tax)                                     | 216,279                            | 90,729                           |
| 1.2.2       | Withholding tax  | -                                  | -                                |
| 1.2.3       | Other taxes and duties   | (33,612)                           | 5,293                            |
| <b>A.</b>   | <b>NET PROFIT FOR THE YEAR (1.1-1.2)</b>                       | <b>547,071</b>                     | <b>297,541</b>                   |
| 1.3         | ACCUMULATED LOSSES   | -                                  | -                                |
| 1.4         | FIRST LEGAL RESERVES   | -                                  | 14,877                           |
| 1.5         | OTHER STATUTORY RESERVES                                       | -                                  | -                                |
| <b>B.</b>   | <b>NET PROFIT AVAILABLE FOR DISTRIBUTION [A-(1.3+1.4+1.5)]</b> | <b>547,071</b>                     | <b>282,664</b>                   |
| 1.6         | FIRST DIVIDEND TO SHAREHOLDERS                                 | -                                  | -                                |
| 1.6.1       | To owners of ordinary shares                                   | -                                  | -                                |
| 1.6.2       | To owners of privileged shares                                 | -                                  | -                                |
| 1.6.3       | To owners of redeemed shares                                   | -                                  | -                                |
| 1.6.4       | To profit sharing bonds  | -                                  | -                                |
| 1.6.5       | To holders of profit and loss sharing certificates             | -                                  | -                                |
| 1.7         | DIVIDENDS TO PERSONNEL   | -                                  | -                                |
| 1.8         | DIVIDENDS TO BOARD OF DIRECTORS                                | -                                  | -                                |
| 1.9         | SECOND DIVIDEND TO SHAREHOLDERS                                | -                                  | -                                |
| 1.9.1       | To owners of ordinary shares                                   | -                                  | -                                |
| 1.9.2       | To owners of privileged shares                                 | -                                  | -                                |
| 1.9.3       | To owners of redeemed shares                                   | -                                  | -                                |
| 1.9.4       | To profit sharing bonds  | -                                  | -                                |
| 1.9.5       | To holders of profit and loss sharing certificates             | -                                  | -                                |
| 1.10        | SECOND LEGAL RESERVES  | -                                  | -                                |
| 1.11        | STATUS RESERVES  | -                                  | -                                |
| 1.12        | EXTRAORDINARY RESERVES   | -                                  | -                                |
| 1.13        | OTHER RESERVES   | -                                  | -                                |
| 1.14        | SPECIAL FUNDS  | -                                  | -                                |
| <b>II.</b>  | <b>DISTRIBUTION FROM RESERVES</b>                              |                                    |                                  |
| 2.1         | DISTRIBUTION OF RESERVES                                       | -                                  | -                                |
| 2.2         | SECOND LEGAL RESERVES  | -                                  | -                                |
| 2.3         | DIVIDENDS TO SHAREHOLDERS                                      | -                                  | -                                |
| 2.3.1       | To owners of ordinary shares                                   | -                                  | -                                |
| 2.3.2       | To owners of privileged shares                                 | -                                  | -                                |
| 2.3.3       | To owners of redeemed shares                                   | -                                  | -                                |
| 2.3.4       | To profit sharing bonds  | -                                  | -                                |
| 2.3.5       | To holders of profit and loss sharing certificates             | -                                  | -                                |
| 2.4         | DIVIDENDS TO PERSONNEL   | -                                  | -                                |
| 2.5         | DIVIDENDS TO BOARD OF DIRECTORS                                | -                                  | -                                |
| <b>III.</b> | <b>EARNINGS PER SHARE</b>                                      |                                    |                                  |
| 3.1         | TO OWNERS OF ORDINARY SHARES (Earning per 100 shares)          | -                                  | -                                |
| 3.2         | TO OWNERS OF ORDINARY SHARES (%)                               | -                                  | -                                |
| 3.3         | TO OWNERS OF PRIVILEGED SHARES                                 | -                                  | -                                |
| 3.4         | TO OWNERS OF PRIVILEGED SHARES (%)                             | -                                  | -                                |
| <b>IV.</b>  | <b>DIVIDEND PER SHARE</b>                                      |                                    |                                  |
| 4.1         | TO OWNERS OF ORDINARY SHARES                                   | -                                  | -                                |
| 4.2         | TO OWNERS OF ORDINARY SHARES (%)                               | -                                  | -                                |
| 4.3         | TO OWNERS OF PRIVILEGED SHARES                                 | -                                  | -                                |
| 4.4         | TO OWNERS OF PRIVILEGED SHARES (%)                             | -                                  | -                                |

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

Convenience translation of publicly announced unconsolidated financial statements, related disclosures originally issued in Turkish, See Note I. of Section three

# MUFG BANK TURKEY A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

### SECTION THREE

#### EXPLANATIONS ON ACCOUNTING POLICIES

##### I. Explanations on the basis of presentation

##### 1. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and the Communiqué on Principles and Procedures on the Accounting Practice and Documentation of Banks

The Bank prepares its financial statements in accordance within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to reporting principles on accounting records of Banks published by the Banking Regulation and Supervision Agency (“BRSA”) and Turkish Accounting Standard 34 “Interim Financial Reporting” put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) for those matters not regulated by the aforementioned regulations. The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The financial statements are prepared in Turkish Lira (TRY) based on the historical cost convention, except for the financial assets and liabilities carried at fair value.

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

The Bank had taken the permission to launch as a deposit accepting bank from the Banking Regulation and Supervision Agency (“BRSA”) on 20 December 2012. In order to start operations the Bank initiated the necessary procedures as of 14 February 2013. Banking operations permit was obtained on 19 September 2013 and the Bank started its operations on 28 November 2013.

##### 2. Accounting policies and valuation principles applied in preparation of financial statements

The accounting policies followed and the valuation principles used in the preparation of the financial statements have been determined and applied in accordance with the regulations, communiqués, explanations and circulars published by the BRSA on accounting and financial reporting principles, and in accordance with the principles within the scope of IFRS, unless a special regulation has been made by the BRSA. These accounting policies and valuation principles are explained in Notes II to XXIV below.

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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### II. Explanations on financial instruments

IFRS 9 “Financial Instruments”, which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in the Official Gazette numbered 29953 dated 19 January 2017. IFRS 9 will replace TAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments.

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit/loss. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment in other comprehensive income, with only dividend income generally recognized in profit or loss. Dividends on such investments are recognised in profit/loss unless the dividend clearly represents a recovery of part of the cost of the investment.

#### *Initial measurement of financial instruments:*

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model.

#### *Classification of financial instruments:*

In which category a financial instrument shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### *Business model assessment:*

As per IFRS 9, the Bank’s business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

During assessment of the business model for management of financial assets, it must be considered all relevant evidence that is available at the date of the assessment. Such relevant evidence includes below:

- How the performance of the business model and the financial assets held within that business model are reported to the Bank’s key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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# MUFG BANK TURKEY A.Ş.

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

### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### II. Explanations on financial instruments (Continued)

A business model whose objective is to hold assets in order to collect contractual cash flows: A business model whose objective is to hold the assets of the Bank in order to collect contractual cash flows is managed to realize cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Measurement categories of financial assets and liabilities:*

As of 1 January 2018, the Bank classified all its financial assets based on the business model for managing the financial assets. Accordingly, financial assets are classified in three main categories as listed below:

- ✓ Financial assets measured at amortized cost
- ✓ Financial assets measured at fair value through other comprehensive income and
- ✓ Financial assets measured at fair value through profit/loss.

As of 31 December 2022, the Bank, for the determination of the probability of default and loss given default parameter values, 5 years Turkey Credit Risk (CDS) levels were taken into account as fundamental macroeconomic factors. The average CDS level of the last one year was used retrospectively for the calculated expected credit losses as of 31 December 2022.

#### *Financial assets measured at fair value through profit/loss*

Financial assets valued at fair value through profit or loss are valued at their fair values and gain/loss arising on those assets is recorded in the statement of profit or loss. Interest income earned on trading securities and the difference between their acquisition costs and amortized costs are recorded as interest income in the statement of profit or loss. The differences between the amortized costs and the fair values of such securities are recorded under trading account income/losses in the statement of profit or loss. In cases where such securities are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses. The Bank does not have any FVPL instruments except Derivative transactions.

#### *Financial assets measured at fair value through other comprehensive income*

In accordance with IFRS 9, if the following conditions are met, the related financial assets should be measured at fair value through other comprehensive income. The Bank does not have any FVOCI instruments as of 31 December 2022.

- Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



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# MUFG BANK TURKEY A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### II. Explanations on financial instruments (Continued)

##### *Financial assets measured at amortized cost*

If an asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, a financial asset is measured at amortized cost

##### *Loans:*

Financial assets other than those held for trading in short term or generated through providing money, commodity and services to debtors.

Loans and receivables are recognized at cost and measured at amortized cost using the effective interest method. The expected loss calculated for the relevant financial assets in accordance with IFRS 9 is presented in Section 5, Note 6.2.

##### *Impairment:*

A loss allowance for expected credit losses is provided for all financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, all financial assets, which are not measured at fair value through profit or loss, commitments and financial guarantee contracts in accordance with IFRS 9 principles. Equity instruments are not subject to impairment assessment as they are measured at fair value. Measurement of the expected credit losses reflects:

- ✓ Neutral weighted amount determined by evaluating potential results
- ✓ Time value of money
- ✓ Reasonable and supportable information on past events, current conditions and forecasts of future economic conditions at the reporting date

##### *Measurement of expected credit losses:*

The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions. These financial assets will be divided into three categories depending on the gradual increase in credit risk observed since their initial recognition. Impairment is classified as the following three categories depending on the outstanding balance in each category:

- Stage 1: Includes financial assets not having significant increase in their credit risk from initial recognition till the following reporting date or financial assets having low credit risk at the reporting date. It is recognized as 12-month expected credit losses for such financial assets.
- Stage 2: Includes financial assets having significant increase in their credit risk subsequent to the initial recognition, but not having objective evidence about impairment. It is recognized as lifetime expected credit losses for such financial assets.
- Stage 3: Includes financial assets having objective evidence about impairment at the reporting date. It is recognized lifetime expected credit losses for such financial assets.

It is expected that the estimated impairment, calculated in accordance with the expected loan loss model under IFRS 9, will have a positive effect on own funds due to the cancellation of general loan provision. Accordingly, there might be changes in the anticipated impact of IFRS 9 on the financial statements until announcement of the first time adoption financial statements including the opening balance sheet as of 1 January 2018. Besides, the Bank will calculate deferred tax on the expected credit losses calculated on stage 1 and 2 loans and the impact regarding calculated deferred tax asset will be accounted for under equity during transition.

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# MUFG BANK TURKEY A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### III. Explanations on the usage strategy of financial instruments and on foreign currency transactions

##### 1. Usage strategy of the financial instruments

The Bank uses financial instruments in accordance with its nature. The major strategy for the usage of financial instruments is to maintain the balance between the yields of assets and associated risks.

The main funding source of the Bank is its own reserves in its equity and borrowings from foreign financial institutions. While the Bank follows an asset liability strategy which enables it to consider these sources in high yield and high quality financial assets, the Bank also manages its interest rate risk, liquidity risk, exchange rate risk and credit risk within the limits set by the Bank management and the prudential limits. High profitability and strong shareholders equity is aimed with an efficient asset-liability management strategy. The Bank is aiming to operate with a positive margin between the cost of resources and product yield and create an optimum maturity risk while undertaking its asset-liability management.

As a part of the Bank's risk management strategy, the position management for all kinds of short term currency, interest and price risks are managed by the Treasury within the limits defined by the Board of Directors.

##### 2. Foreign currency transactions

###### 2.1 Foreign currency exchange rates used in converting transactions denominated in foreign currencies and their presentation in the financial statements

The Bank's foreign currency transactions are accounted for in accordance with TAS 21 "Effects of Exchange Rate Changes" and as of December 31, 2022, foreign currency gains and expenses arising from foreign currency transactions are translated into Turkish Lira at the exchange rates prevailing on the date of the transaction. are submitted to the records. At the end of the period, the balances of foreign currency assets and liabilities are evaluated at the Bank's foreign exchange buying rates and converted into TRY, and the resulting exchange rate differences are recorded as foreign exchange profit or loss.

As at the end of the period, the Bank's foreign currency exchange rates are as follows:

|            | 31 December 2022 | 31 December 2021 |
|------------|------------------|------------------|
| USD Dollar | 18,6983          | 13,3290          |
| Euro       | 19,9349          | 15,0867          |

#### IV. Explanations on subsidiaries and affiliates

The bank has no subsidiaries and affiliates as of 31 December 2022.

#### V. Explanations on forward transactions, options and derivative instruments

The Bank does not have any embedded derivatives separated from the host contract.

Forward foreign currency purchase/sale contracts, swaps and options are classified as "hedging purpose" and "trading purpose" transactions. Derivatives are initially recognized at cost including the transaction costs. Also, the assets and liabilities arising from the derivative transactions are recorded as off-balance sheet items at their contractual notional amounts. The derivative transactions held for trading are valued at fair-value using market prices or pricing models subsequent to initial recognition and are presented in "derivative financial assets" or "derivative financial liabilities" items of the balance sheet depending on the differences being positive or negative. The derivative transactions held for hedging are valued at fair value using market prices or pricing models subsequent to initial recognition and are presented in "derivative financial assets held for hedging purpose" or "derivative financial liabilities held for hedging purpose" items of the balance sheet depending on the differences being positive or negative. Gains and losses arising from a change in the fair value are recognized in the income statement.

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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### VI. Explanations on interest income and expenses

Interest income and expenses calculated using internal rate of return are recognized on an accrual basis.

#### VII. Explanations on fee and commission income and expenses

Fees and commissions, which are other than those that are an integral part of the effective interest rate of financial instruments measured at amortized cost, are accounted for in accordance with IFRS 15 Revenue from Customer Contracts.

Except for certain fees related with certain banking transactions and recognized when received, fees and commissions received or paid are accounted for under accrual basis of accounting using effective interest rate. The income derived from agreements or asset purchases or sales from real-persons or corporate third parties are recognized as income when realized.

#### VIII. Explanations on impairment of financial assets

As of 1 January 2018, the Bank recognises a loss allowance for expected credit losses on financial assets and loans measured at amortized cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts in accordance with IFRS 9 principles and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with "Procedures and Principles regarding Classification of Loans and Allowances Allocated for Such Loans" effective from 1 January 2018.

Equity instruments are not subject to impairment assessment as they are measured at fair value. At each reporting date, the Bank shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Bank shall use the change in the risk of a default occurring for the financial instrument.

As of the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. However, if there is a significant increase in credit risk of a financial instrument since initial recognition, the Bank measures loss allowance regarding such instrument at an amount equal to lifetime expected credit losses. The Bank calculates the expected credit loss on a collective basis by means of grouping the financial assets having common credit risk features.. The Bank constituted a policy in order to make an assessment whether the credit risk on a financial instrument has increased significantly since initial recognition by taking into consideration change in the risk of a default occurring over the expected life of the financial instrument.

#### IX. Explanations on offsetting financial instruments

If the fair values of equity shares held for trading and quoted on stock exchanges are lower than their carrying values, allowance for impairment is recognized and the recognized impairment is offset with the related assets on the balance sheet.

Within the framework of the "Regulation on the Determination of the Qualifications of Loans and Other Receivables to be Set aside by Banks and the Principles and Procedures on Provisions to Be Set Aside," the expected loss provisions are set aside, and these provisions are deducted from the non-performing loans in balance sheet. Apart from this, financial assets and liabilities are only offsetted when they are legally applicable.

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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### X. Explanations on sale and repurchase agreements and securities lending transactions

Securities subject to repurchase agreements (repo) are classified as “Financial assets at fair value through profit and loss”, “Financial assets at fair value through other comprehensive income” or “Financial assets measured at amortized cost” according to their purposes to be held in the Bank’s portfolio and measured at the principles of the relevant portfolio. Funds obtained from repurchase agreements are followed under the “Money Market Funds” account in liabilities, and interest expense accruals are calculated using the effective interest (internal rate of return) method on the difference between the sales and repurchase prices corresponding to the period designated by a repurchase agreement.

Reverse repurchase agreements transactions (reverse repo) are recorded under the “Money Market Funds” account.

#### XI. Explanations on non-current assets held for sale and discontinued operations and related liabilities

In accordance with IFRS 5 - "Assets Held for Sale and Discontinued Operations", a fixed asset (or group of assets to be disposed of) classified as assets held for sale is measured by the lower of its book value and fair value with reduced sales costs

A tangible asset (or a disposal group) classified as “asset held for sale” is measured at the lower of the carrying value or fair value less costs to sell. Assets held for sale are not depreciated and presented in the financial statements separately. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of assets including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively marketed at a price consistent with its fair value.

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 part of the Bank’s business classified as disposed or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. As of 31 December 2022, the Bank does not have fixed assets held for sale and related to discontinued operations and also has no liability related to this asset.

#### XII. Explanations on goodwill and other intangible assets

As of 31 December 2022, there is no goodwill that should be presented in the financial statements.

The intangible assets of the Bank consist of software. The useful lives of these assets determined as 5 years.

The costs associated with outsourced computer software in use and related expenditures to develop the computer software are capitalized if it’s intended to increase useful life and original content. The capitalized expenses are amortized with “straight line method” throughout remaining useful lives.

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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XIII. Explanations on tangible assets

Gains/losses from the sale of the tangible assets are calculated as the difference between the net book value and the net sales price and recorded in the income statement as profit or loss.

Maintenance and repair costs incurred for tangible assets are recorded as expenses.

There are no restrictions such as pledges, mortgages or any other restriction, or commitments to purchase or rights vested on tangible assets.

Depreciation rates and estimated useful lives used for the tangible assets are as follows:

| Tangible asset        | Estimated useful lives (Years) | Depreciation rate (%) |
|-----------------------|--------------------------------|-----------------------|
| Vaults                | 50                             | 2                     |
| Vehicles              | 5                              | 20                    |
| Other Tangible Assets | 3-10                           | 10-33.33              |

#### XIV. Explanations on leasing transactions

With the “IFRS 16 Leases” standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under “Tangible Assets” as an asset (tenure) and under “Lease Liabilities” as a liability.

IFRS 16 Leases was published in the Official Gazette dated 16 April 2018 and numbered 30393, effective from 1 January 2019. This Standard specifies the principles for the leasing, presentation and disclosure of leases. The purpose of the standard is to provide tenants and lessees with appropriate information and faithful representation. This information is the basis for evaluating the impact of the leases on the entity's financial position, financial performance and cash flows by users of financial statements.

#### Recognition, measuring and presenting the leases to the financial statements

Lease obligations under the contract in the amount of liabilities on the balance sheet equal to the sum of all cash payments and offset with the form shown gross interest expense arising from the contract. The right of use arising from the leasing transactions, at the date of commencement, the present value of the lease payments which have not been paid at that date is measured. Discount rate for the lease liabilities in the type of TRY is calculated based on the survey of expectation report published by CBRT. Bank's borrowing rate of interest calculated by the Finance Department is used for the discount rate of the lease liabilities in the type of foreign currency.

#### XV. Explanations on provisions and contingent liabilities

Provisions and contingent liabilities are accounted for in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. In the financial statements, a provision is made if there is a present obligation that arises from past events as of the balance sheet date, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

Provisions recognized during the period are recognized within “other operating expenses”; reversals of provisions recognized in the prior periods are recognized within “other operating income”.

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# MUFG BANK TURKEY A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XVI. Explanations on contingent assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

#### XVII. Explanations on liabilities for employee benefits

As per the existing labor laws and agreements in Turkey, entities are required to pay severance for the employees retired or fired. These payments are qualified as a recognized retirement benefit plan according to revised TAS 19 Standard on the Benefits Provided to Employees. Severance payment liability recognized in the balance sheet is calculated according to the net present value of expected amount in the future arising from all employees' retirements and presented in the financial statements. The amendments to TAS 19 have changed the accounting of defined benefit plans and severance indemnity. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the balance sheet to reflect the full value of the plan deficit or surplus. The amendments to TAS 19 require retrospective application.

#### XVIII. Explanations on taxation

##### 1. Current tax

Effective from 1 January 2006, statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes.

As of 30 June 2022, the corporate tax rate has been applied as 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 from the declarations that must be submitted as of 1/7/2021 and being valid for the taxation period starting from 1/1/2021. and this rate was determined as 23% for the taxation period of 2022. However, with the publication of the Law No. 7394 in the Official Gazette dated 15.04.2022, 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 The corporate tax rate for pension companies has been permanently increased to 25%, and this change will be valid for returns to be submitted after 1 July 2022. Therefore, as of the first quarter of 2022, the tax rate to be taken into account in the calculation of corporate tax is 23%, and the tax rate to be applied to the cumulative earnings of 2022 in the second quarter and following periods of 2022 will be taken into account as 25%.

There are no further taxes on profits if not distributed. Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decisions numbered 2009/14593 and 2009/14594 of the Council of Ministers published in the Official Gazette numbered 27130 dated 3 February 2009, certain withholding rates included in the articles numbered 15 and 30 of the new Corporate Tax Law numbered 5520 are revised.

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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XVIII. Explanations on taxation (Continued)

Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The temporary taxes are calculated and paid at the rates applicable for the earnings of the related years. The prepayments can be offset against the annual corporate tax calculated for the whole year earnings.

In accordance with the tax legislation, 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 years.

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 end of April following the month in which the accounting period is closed. However, the tax inspection authorities can review the accounting records within five years, and the tax amounts to be paid may change if an erroneous transaction is detected.

#### 2. Deferred tax

The Bank calculates and recognizes deferred tax for taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base according to the TAS 12 "Income Taxes".

Deferred tax asset was not made over the general provision amount within the framework of the circular of BRSA numbered 8 December 2004, BRSA.DZM.2 / 13/1-a-3. However, as of January 1, 2018, the deferred tax asset has been calculated over the expected loss provisions that constitute the temporary difference with the provisions of IFRS 9.

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 from the declarations that must be submitted as of 1/7/2021 and being valid for the taxation period starting from 1/1/2021. and it was announced that this rate would be applied as 23% for the taxation period of 2022 and 20% for the taxation periods of 2023 and beyond. However, with the publication of the Law No. 7394 in the Official Gazette dated 15.04.2022, 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 The corporate tax rate for pension companies has been permanently increased to 25%, and this change will be valid for returns to be submitted after 1 July 2022. Therefore, as of the first quarter of 2022, the tax rate to be taken into account in the calculation of corporate tax is 23%, and the tax rate to be applied to the cumulative earnings of 2022 in the second quarter and following periods of 2022 will be taken into account as 25%. For the items subject to deferred tax calculation as of 31 December 2022 and 31 December 2021, enacted tax rates valid in accordance with the tax legislation in force as of the reporting dates are used in accordance with their lives..

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# MUFG BANK TURKEY A.Ş.

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

### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XVIII. Explanations on taxation (Continued)

##### 3. Transfer pricing

The article 13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “disguised profit distribution” by way of transfer pricing. “The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing” published on 18 November 2007, explains the application related issues on this matter.

According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions are not deducted from the corporate tax base for tax purposes.

As stated in the “7.1 Annual Documentation” section of this communiqué, taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization” form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

#### XIX. Additional explanations on borrowings

The Bank obtains resources from foreign entities through borrowings.

Borrowing funds are initially measured at acquisition cost and subsequently measured at amortized cost. In the accompanying financial statements, foreign currency denominated borrowing funds are translated to Turkish Lira with the Bank’s spot foreign exchange buying rates and interest expenses incurred during the period relating to the borrowing funds are recognized in the income statement.

The Bank applies general hedging techniques for mitigating the liquidity risk, interest rate risk and currency risk of the borrowing funds. Those techniques do not meet the definition of hedge accounting according to IFRS 9. There are no convertible bonds issued by the Bank as at the balance sheet date.

#### XX. Explanation on share certificates issued

None.

#### XXI. Explanation on bank acceptances and bills of guarantee

Bank acceptances and bills of guarantee are presented within off-balance sheet liabilities as contingent liabilities and commitments. Cash transactions relating to bank acceptances and bills of guarantee are realized concurrently with the customer payments.

As of the balance sheet date, there are no bank acceptances and bills of guarantee recognized as liability against an asset.

#### XXII. Explanation on government incentives

As of the balance sheet date, the Bank does not have any government incentives.

#### XXIII. Explanation on segment reporting

The Bank mainly operates in corporate banking and treasury. Explanations and notes related to the segment reporting are disclosed in Section 4 Note IX.

#### XXIV. Other matters

None.



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### SECTION FOUR

#### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT

##### I. Explanations on total capital

Calculation of the amount of equity is made according to the "Regulation on Equities of Banks" and the calculation of capital adequacy standard ratio according to "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy". As of 31 December 2022, the Bank's calculated equity amount TRY 2,120,797 (31 December 2021: TRY 1,520,063) and capital adequacy ratio is 19.16% (31 December 2021: 21,59 %).

Within the scope of the regulations of the Banking Regulation and Supervision Agency dated 28 April 2022 and 21 December 2021, the calculation of the amount subject to credit risk with the Central Bank's foreign exchange buying rates as of 31 December 2021 and the net value of the securities in the securities portfolio whose fair value difference is reflected in other comprehensive income. In case the valuation differences are negative, these differences are not taken into account in the equity amount to be used for the capital adequacy ratio.

As of 31 December 2022, the Bank has calculated the legal capital adequacy ratio, taking into account the mentioned regulatory changes.

##### 1. Components of total capital

|   | Amount           | Amount as per the regulation before 1/1/2014 (*) |
|---|------------------|--|
| <i>Current Period</i>   |                  |  |
| <b>COMMON EQUITY TIER I CAPITAL</b>   |                  |  |
| Paid-in Capital to be Entitled for Compensation after All Creditors   | 527,700          | -  |
| Share Premium   | -                | -  |
| Reserves  | 45,565           | -  |
| Other Comprehensive Income according to TAS   | (778)            | -  |
| Profit  | 1,435,576        | -  |
| Current Period Profit   | 547,071          | -  |
| Prior Period Profit   | 888,505          | -  |
| Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit  | -                | -  |
| <b>Common Equity Tier I Capital Before Deductions</b>   | -                | -  |
| <b>Deductions From Common Equity Tier I Capital</b>   |                  |  |
|   | <b>2,008,063</b> | -  |
| Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital  | -                | -  |
| Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)   | -                | -  |
| Leasehold Improvements on Operational Leases (-)  | 2,165            | -  |
| Goodwill Netted with Deferred Tax Liabilities   | 8,833            | 8,833  |
| Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights   | -                | -  |
| Net Deferred Tax Asset/Liability (-)  | -                | -  |
| Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting   | -                | -  |
| Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach   | -                | -  |
| Securitization gains  | -                | -  |
| Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness  | -                | -  |
| Net amount of defined benefit plans   | -                | -  |
| Direct and Indirect Investments of the Bank on its own Tier I Capital (-)   | -                | -  |
| Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)  | -                | -  |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -                | -  |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -                | -  |
| Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)   | -                | -  |
| Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)  | -                | -  |
| Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)   | -                | -  |
| The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)               | -                | -  |
| Mortgage Servicing Rights not deducted (-)  | -                | -  |
| Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)   | -                | -  |
| Other items to be Defined by the BRSA (-)   | -                | -  |
| Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)   | -                | -  |
| <b>Total Deductions from Common Equity Tier I Capital</b>   | <b>10,988</b>    | -  |
| <b>Total Common Equity Tier I Capital</b>   | <b>1,997,065</b> | -  |

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

### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### I. Components of total capital (Continued)

| <i>Current Period</i>   | <i>Amount</i>    | <i>Amount as per<br/>the regulation<br/>before<br/>1/1/2014 (*)</i> |
|---|------------------|---|
| <b>ADDITIONAL TIER I CAPITAL</b>  | -                | -   |
| Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums   | -                | -   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA  | -                | -   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)   | -                | -   |
| <b>Additional Tier I Capital before Deductions</b>  | -                | -   |
| <b>Deductions from Additional Tier I Capital</b>  | -                | -   |
| Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)  | -                | -   |
| Investments in Equity Instruments Issued by the Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation   | -                | -   |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)   | -                | -   |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)  | -                | -   |
| Other items to be defined by the BRSA (-)   | -                | -   |
| <b>Items to be Deducted from Tier I Capital during the Transition Period</b>  | -                | -   |
| Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)   | -                | -   |
| Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)  | -                | -   |
| Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)   | -                | -   |
| <b>Total Deductions from Additional Tier I Capital</b>  | -                | -   |
| <b>Total Additional Tier I Capital</b>  | -                | -   |
| <b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>  | <b>1,997,065</b> | -   |
| <b>TIER II CAPITAL</b>  | -                | -   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA  | -                | -   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)   | -                | -   |
| Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)  | 123,732          | -   |
| <b>Total Deductions from Tier II Capital</b>  | <b>123,732</b>   | -   |
| <b>Deductions from Tier II Capital</b>  | -                | -   |
| Direct and Indirect Investments of the Bank on its own Tier II Capital (-)  | -                | -   |
| Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation   | -                | -   |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)   | -                | -   |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)  | -                | -   |
| Other items to be defined by the BRSA (-)   | -                | -   |
| <b>Total Deductions from Tier II Capital</b>  | -                | -   |
| <b>Total Tier II Capital</b>  | <b>123,732</b>   | -   |
| <b>Total Equity (Total Tier I and Tier II Capital)</b>  | <b>2,120,797</b> | -   |
| <b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>   | -                | -   |
| Loans Granted against the Articles 50 and 51 of the Banking Law (-)   | -                | -   |
| Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)   | -                | -   |
| Other items to be Defined by the BRSA (-)   | -                | -   |
| <b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>   | -                | -   |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)  | -                | -   |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)  | -                | -   |
| The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-) | -                | -   |

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

### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### I. Components of total capital (Continued)

| <i>Current Period</i>   | <i>Amount</i> | <i>Amount as per<br/>the regulation<br/>before<br/>1/1/2014 (*)</i> |
|---|---------------|---|
| <b>CAPITAL</b>  |               |   |
| Total Capital ( Total of Tier I Capital and Tier II Capital )   | 2,120,797     | -   |
| Total Risk Weighted Assets  | 11,068,341    | -   |
| <b>CAPITAL ADEQUACY RATIOS</b>  |               |   |
| CET1 Capital Ratio (%)  | 18.04         | -   |
| Tier I Capital Ratio (%)  | 18.04         | -   |
| Capital Adequacy Ratio (%)  | 19.16         | -   |
| <b>BUFFERS</b>  |               |   |
| Total Additional CET1 Capital Requirement Ratio (a+b+c)   | 2.50          | -   |
| a) Bank-specific total CET1 Capital Ratio   | 2.50          | -   |
| b)Capital Conservation Buffer Ratio (%)   | -             | -   |
| c)Higher bank buffer requirement ratio (%)(**)  | -             | -   |
| Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Countercyclical Capital Buffers Regulation (%)                      | 11.16         | -   |
| <b>Amounts Lower Than Excesses as per Deduction Rules</b>   |               |   |
| Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital             | -             | -   |
| Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital | -             | -   |
| Remaining Mortgage Servicing Rights   | -             | -   |
| Net Deferred Tax Assets arising from Temporary Differences  | 41,213        | -   |
| <b>Limits for Provisions Used in Tier II Capital Calculation</b>  |               |   |
| General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)   | -             | -   |
| General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets   | 123,732       | -   |
| Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach   | -             | -   |
| Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets     | -             | -   |
| <b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>  |               |   |
| Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4  | -             | -   |
| Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit   | -             | -   |
| Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4   | -             | -   |
| Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit  | -             | -   |

(\*) Under this heading, the total amounts of the items that will be reached at the end of the transition period in accordance with the “Regulation on the Equity of the Banks”, which entered into force on 1/1/2014, are given..

(\*\*) Since it will be filled in systemically important banks with no obligation to prepare consolidated financial statements in the context of the fourth paragraph Regulation on Systemic Significant Banks, it has been stated as 0,00%.

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### I. Components of total capital (Continued)

| <i>Prior Period</i>   | <i>Amount</i>    | <i>Amount as per<br/>the regulation<br/>before<br/>1/1/2014 (*)</i> |
|---|------------------|---|
| <b>COMMON EQUITY TIER I CAPITAL</b>   | -                | -   |
| Paid-in Capital to be Entitled for Compensation after All Creditors   | 527,700          | -   |
| Share Premium   | -                | -   |
| Reserves  | 30,688           | -   |
| Other Comprehensive Income according to TAS   | (64)             | -   |
| Profit  | 903,382          | -   |
| Current Period Profit   | 297,541          | -   |
| Prior Period Profit   | 605,841          | -   |
| Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit  | -                | -   |
| <b>Common Equity Tier I Capital Before Deductions</b>   | <b>1,461,706</b> | -   |
| <b>Deductions From Common Equity Tier I Capital</b>   | -                | -   |
| Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital  | -                | -   |
| Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)   | -                | -   |
| Leasehold Improvements on Operating Leases (-)  | 2,568            | -   |
| Goodwill Netted with Deferred Tax Liabilities   | -                | -   |
| Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights   | 8,510            | 8,510   |
| Net Deferred Tax Asset/Liability (-)  | -                | -   |
| Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting   | -                | -   |
| Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach   | -                | -   |
| Securitization gains  | -                | -   |
| Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness  | -                | -   |
| Net amount of defined benefit plans   | -                | -   |
| Direct and Indirect Investments of the Bank on its own Tier I Capital (-)   | -                | -   |
| Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)  | -                | -   |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -                | -   |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -                | -   |
| Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)   | -                | -   |
| Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)  | -                | -   |
| Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)   | -                | -   |
| The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)               | -                | -   |
| Mortgage Servicing Rights not deducted (-)  | -                | -   |
| Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)   | -                | -   |
| Other items to be Defined by the BRSA (-)   | -                | -   |
| Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)   | -                | -   |
| <b>Total Deductions from Common Equity Tier I Capital</b>   | <b>11,078</b>    | -   |
| <b>Total Common Equity Tier I Capital</b>   | <b>1,450,628</b> | -   |

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### I. Components of total capital (Continued)

| <i>Prior Period</i>   | <i>Amount</i>    | <i>Amount as per<br/>the regulation<br/>before<br/>1/1/2014 (*)</i> |
|---|------------------|---|
| <b>ADDITIONAL TIER I CAPITAL</b>  |                  |   |
| Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums   | -                | -   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA  | -                | -   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)   | -                | -   |
| <b>Additional Tier I Capital before Deductions</b>  | -                | -   |
| <b>Deductions from Additional Tier I Capital</b>  |                  |   |
| Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)  | -                | -   |
| Investments in Equity Instruments Issued by the Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation   | -                | -   |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)   | -                | -   |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)  | -                | -   |
| Other items to be defined by the BRSA (-)   | -                | -   |
| <b>Items to be Deducted from Tier I Capital during the Transition Period</b>  |                  |   |
| Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)   | -                | -   |
| Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)  | -                | -   |
| Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)   | -                | -   |
| <b>Total Deductions from Additional Tier I Capital</b>  | -                | -   |
| <b>Total Additional Tier I Capital</b>  | -                | -   |
| <b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>  | <b>1450,628</b>  | -   |
| <b>TIER II CAPITAL</b>  |                  |   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA  | -                | -   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)   | -                | -   |
| Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)  | 69,435           | -   |
| <b>Total Deductions from Tier II Capital</b>  | <b>69,435</b>    | -   |
| <b>Deductions from Tier II Capital</b>  |                  |   |
| Direct and Indirect Investments of the Bank on its own Tier II Capital (-)  | -                | -   |
| Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation   | -                | -   |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)   | -                | -   |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)  | -                | -   |
| Other items to be defined by the BRSA (-)   | -                | -   |
| <b>Total Deductions from Tier II Capital</b>  | -                | -   |
| <b>Total Tier II Capital</b>  | <b>69,435</b>    | -   |
| <b>Total Equity (Total Tier I and Tier II Capital)</b>  | <b>1,520,063</b> | -   |
| <b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>   |                  |   |
| Loans Granted against the Articles 50 and 51 of the Banking Law (-)   | -                | -   |
| Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)   | -                | -   |
| Other items to be Defined by the BRSA (-)   | -                | -   |
| <b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>   |                  |   |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)  | -                | -   |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)  | -                | -   |
| The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-) | -                | -   |

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### I. Components of total capital (Continued)

| <i>Prior Period</i>   | <i>Amount</i> | <i>Amount as per the regulation before 1/1/2014 (*)</i> |
|---|---------------|---|
| <b>CAPITAL</b>  |               |   |
| Total Capital ( Total of Tier I Capital and Tier II Capital )   | 1,520,063     | -   |
| Total Risk Weighted Assets  | 7,040,040     | -   |
| <b>CAPITAL ADEQUACY RATIOS</b>  |               |   |
| CET1 Capital Ratio (%)  | 20.61         | -   |
| Tier I Capital Ratio (%)  | 20.61         | -   |
| Capital Adequacy Ratio (%)  | 21.59         | -   |
| <b>BUFFERS</b>  |               |   |
| Total Additional CET1 Capital Requirement Ratio (a+b+c)   | 2.50          | -   |
| a) Bank-specific total CET1 Capital Ratio   | 2.50          | -   |
| b)Capital Conservation Buffer Ratio (%)   | -             | -   |
| c)Higher bank buffer requirement ratio (%)(**)  | -             | -   |
| Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Countercyclical Capital Buffers Regulation (%)                      | 13.59         | -   |
| <b>Amounts Lower Than Excesses as per Deduction Rules</b>   |               |   |
| Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital             | -             | -   |
| Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital | -             | -   |
| Remaining Mortgage Servicing Rights   | -             | -   |
| Net Deferred Tax Assets arising from Temporary Differences  | 7,363         | -   |
| <b>Limits for Provisions Used in Tier II Capital Calculation</b>  |               |   |
| General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)   | -             | -   |
| General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets   | 69,435        | -   |
| Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach   | -             | -   |
| Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets     | -             | -   |
| <b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022))</b>   |               |   |
| Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4  | -             | -   |
| Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit   | -             | -   |
| Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4   | -             | -   |
| Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit  | -             | -   |

(\*) Under this heading, the total amounts of the items that will be reached at the end of the transition period in accordance with the "Regulation on the Equity of the Banks", which entered into force on 1/1/2014, are given..

(\*\*) According to the Regulation on systemically Important Banks Article 4, paragraph 4, the rightful obligation to prepare consolidated financial statements has been given to systemically important banks. Also the other banks don't have the rightful obligation so they will be report as zero so it is shown as 0,00%

The Bank plans its Common Equity Tier 1 (CET1) Capital by considering 10% as the minimum target while considering its additional CET 1 requirements during the phase-in period due to aforementioned regulations.

#### 2. Items included in capital calculation

None.

#### 3. Reconciliation of capital items to balance sheet

The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from the expected credit losses. In the calculation of Total Capital, expected credit losses up to %1.25 credit risk is taken into consideration as Tier II Capital. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities are taken into consideration as amounts deducted from Total Capital.

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### II. Explanations on credit risk

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set.

In accordance with the regulation, credit risk limits are allocated in line with regulations according to financial position and needs of credit customers under the authorized limits of the General Manager, Credit Committee and Board of Directors. If it is needed, related limits can be changed by the Bank.

The Bank follows the customers of loans and other receivables in terms of the creditworthiness with respect to the relevant legislation. In addition, the status of accounts for new loans are checked and updated if needed. In accordance with relevant legislation, the Bank follows the risk limits on the basis of the debtor and the debtor group.

The Bank uses a credit rating system to measure and evaluate the credit risk effectively. This is a mandatory step for all loan applications. The credit rating system is assessing the total credit risk of each customer. The Bank performs valuation of collaterals to reduce the loan risk at the first step of receiving collateral and the results of the risk rating system at least once a year.

The Bank manages and monitors its credit risk until the loan repayment is completed, related loan is canceled or derecognized. The Bank has control limits held on the positions of forward transactions and other similar contracts, and these limits are monitored daily.

The share of the top 100 and 200 cash and non-cash loan customers in the total loans portfolio:

The Bank has 40 cash loan customers as of 31 December 2022. (31 December 2021: 43). The Bank's largest 100 and 200 cash loan customers comprise 100% (31 December 2021: 100%) of the total cash loan portfolio, respectively.

The share of the top 100 and 200 cash and non-cash loan customers in the total non-cash loans portfolio:

The Bank has 27 non-cash loan customers as of 31 December 2022. (31 December 2021: 32). The Bank's largest 100 and 200 non-cash loan customers comprise 100% (31 December 2021: 100%) of the total non-cash loan portfolio.

At 31 December 2022 the Bank had a total of 67 cash and non-cash loan customers. (31 December 2021: 75 cash and non-cash customers) The Bank's largest 100 and 200 cash and non-cash loan customers represent 100% of the total "on and off balance sheet" exposures (31 December 2021: 100%).

In accordance with the Article 43 of Internal Systems Regulation, the Bank performs monthly stress tests in order to measure the effects of exceptional but possible instances that may result with great credit losses in the portfolio.

The Bank senior management is informed regarding details of the Bank's credit risk in the monthly meeting of the Credit Committee.

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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### II. Explanations on credit risk (Continued)

|   | Current<br>Period<br>Risk Amount    | Average<br>Risk<br>Amount      |
|---|-------------------------------------|--------------------------------|
| <b>Exposure Categories</b>  |                                     |                                |
| Conditional and unconditional exposures to central governments or central banks   | 9,248,296                           | 6,844,531                      |
| Conditional and unconditional exposures to banks, brokerage houses and corporates | 6,597,013                           | 6,099,677                      |
| Conditional and unconditional exposures to corporates                             | 13,123,045                          | 11,244,488                     |
| Other receivables   | 242,135                             | 174,092                        |
| <b>Total</b>  | <b>29,210,489</b>                   | <b>24,362,788</b>              |
|   | <b>Prior Period<br/>Risk Amount</b> | <b>Average<br/>Risk Amount</b> |
| <b>Exposure Categories</b>  |                                     |                                |
| Conditional and unconditional exposures to central governments or central banks   | 4,045,878                           | 3,681,591                      |
| Conditional and unconditional exposures to banks, brokerage houses and corporates | 5,105,335                           | 4,108,688                      |
| Conditional and unconditional exposures to corporates                             | 8,522,281                           | 8,121,253                      |
| Other receivables   | 119,625                             | 78,762                         |
| <b>Total</b>  | <b>17,793,119</b>                   | <b>15,990,294</b>              |

#### 1. Profile of significant exposures in major regions

|   | Conditional and<br>Unconditional<br>exposures to<br>central<br>governments or<br>central banks | Conditional and<br>Unconditional<br>exposures to<br>banks and<br>brokerage houses | Conditional<br>and<br>Unconditional<br>exposures to<br>corporates | Other<br>receivables | Total             |
|---|--|---|---|----------------------|-------------------|
| <b>Current Period*</b>                          |  |   |   |                      |                   |
| Domestic  | 9,248,296  | 6,083,873   | 13,123,045  | 242,135              | 28,697,349        |
| European Union (EU) Countries                   | -  | 12  | -   | -                    | 12                |
| OECD Countries**                                | -  | 508,530   | -   | -                    | 508,530           |
| Off-Shore Banking Regions                       | -  | -   | -   | -                    | -                 |
| USA, Canada                                     | -  | -   | -   | -                    | -                 |
| Other Countries                                 | -  | 4,598   | -   | -                    | 4,598             |
| Associates, Subsidiaries and Joint<br>-ventures | -  | -   | -   | -                    | -                 |
| Unallocated Assets/Liabilities                  | -  | -   | -   | -                    | -                 |
| <b>Total</b>                                    | <b>9,248,296</b>   | <b>6,597,013</b>  | <b>13,123,045</b>   | <b>242,135</b>       | <b>29,210,489</b> |

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

(\*\*) Includes OECD countries other than EU countries, USA and Canada.

|   | Conditional and<br>Unconditional<br>exposures to<br>central<br>governments or<br>central banks | Conditional and<br>Unconditional<br>exposures to<br>banks and<br>brokerage houses | Conditional<br>and<br>Unconditional<br>exposures to<br>corporates | Other<br>receivabl<br>es | Total             |
|---|--|---|---|--------------------------|-------------------|
| <b>Prior Period*</b>                            |  |   |   |                          |                   |
| Domestic  | 4,045,878  | 4,734,716   | -   | 119,625                  | 8,900,219         |
| European Union (EU) Countries                   | -  | 4   | 854,851   | -                        | 854,855           |
| OECD Countries**                                | -  | 360,363   | 8,002   | -                        | 368,365           |
| Off-Shore Banking Regions                       | -  | -   | -   | -                        | -                 |
| USA, Canada                                     | -  | 2   | -   | -                        | 2                 |
| Other Countries                                 | -  | 10,250  | 7,659,428   | -                        | 7,669,678         |
| Associates, Subsidiaries and Joint<br>-ventures | -  | -   | -   | -                        | -                 |
| Unallocated Assets/Liabilities                  | -  | -   | -   | -                        | -                 |
| <b>Total</b>                                    | <b>4,045,878</b>   | <b>5,105,335</b>  | <b>8,522,281</b>  | <b>119,625</b>           | <b>17,793,119</b> |

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

(\*\*) Includes OECD countries other than EU countries, USA and Canada.



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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### II. Explanations on credit risk (Continued)

##### 2. Risk profile by sectors or counterparties

| Sectors / Counterparties Current Period | 1         | 2         | 3          | 4       | TRY       | FC         | Total      |
|---|-----------|-----------|------------|---------|-----------|------------|------------|
| <b>Agricultural</b>                     | -         | -         | 14,999     | -       | 14,999    | -          | 14,999     |
| Farming and Stockbreeding               | -         | -         | 14,999     | -       | 14,999    | -          | 14,999     |
| Forestry                                | -         | -         | -          | -       | -         | -          | -          |
| Fishing                                 | -         | -         | -          | -       | -         | -          | -          |
| <b>Manufacturing</b>                    | -         | -         | 8,919,772  | -       | 1,465,039 | 7,454,733  | 8,919,772  |
| Mining and Quarrying                    | -         | -         | -          | -       | -         | -          | -          |
| Production                              | -         | -         | 8,919,712  | -       | 1,465,039 | 7,454,733  | 8,919,772  |
| Electricity, Gas and Water              | -         | -         | -          | -       | -         | -          | -          |
| <b>Construction</b>                     | -         | -         | 501        | -       | 501       | -          | 501        |
| <b>Services</b>                         | 9,248,296 | 6,597,013 | 4,187,773  | 242,135 | 2,146,675 | 18,128,542 | 20,275,217 |
| Wholesale and Retail Trade              | -         | -         | 1,741,663  | -       | 924,643   | 817,020    | 1,741,663  |
| Accommodation and Dining                | -         | -         | -          | -       | -         | -          | -          |
| Transportation and Telecommunication    | -         | -         | 1,956,624  | -       | 133,175   | 1,823,449  | 1,956,624  |
| Financial Institutions                  | 9,248,296 | 6,597,013 | 481,035    | 242,135 | 1,088,857 | 15,479,622 | 16,568,479 |
| Real Estate and Rental Services         | -         | -         | -          | -       | -         | -          | -          |
| Professional Services                   | -         | -         | -          | -       | -         | -          | -          |
| Educational Services                    | -         | -         | -          | -       | -         | -          | -          |
| Health and Social Services              | -         | -         | 8,451      | -       | -         | 8,451      | 8,451      |
| <b>Other</b>                            | -         | -         | -          | -       | -         | -          | -          |
| <b>Total*</b>                           | 9,248,296 | 6,597,013 | 13,123,045 | 242,135 | 3,627,214 | 25,583,275 | 29,210,489 |

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

- 1: Conditional and unconditional exposures to central governments or central
- 2: Conditional and unconditional exposures to banks and brokerage houses
- 3: Conditional and unconditional exposures to corporates
- 4: Other receivables

| Sectors / Counterparties Prior Period | 1         | 2         | 3         | 4       | TRY       | FC         | Total      |
|---------------------------------------|-----------|-----------|-----------|---------|-----------|------------|------------|
| <b>Agricultural</b>                   | -         | -         | 7,497     | -       | 7,497     | -          | 7,497      |
| Farming and Stockbreeding             | -         | -         | 7,497     | -       | 7,497     | -          | 7,497      |
| Forestry                              | -         | -         | -         | -       | -         | -          | -          |
| Fishing                               | -         | -         | -         | -       | -         | -          | -          |
| <b>Manufacturing</b>                  | -         | -         | 6,169,193 | -       | 880,892   | 5,288,301  | 6,169,193  |
| Mining and Quarrying                  | -         | -         | -         | -       | -         | -          | -          |
| Production                            | -         | -         | 6,169,193 | -       | 880,892   | 5,288,301  | 6,169,193  |
| Electricity, Gas and Water            | -         | -         | -         | -       | -         | -          | -          |
| <b>Construction</b>                   | -         | -         | 913       | -       | 913       | -          | 913        |
| <b>Services</b>                       | 4,045,878 | 5,105,335 | 2,344,678 | 119,625 | 1,825,534 | 9,789,982  | 11,615,516 |
| Wholesale and Retail Trade            | -         | -         | 800,926   | -       | 469,574   | 331,352    | 800,926    |
| Accommodation and Dining              | -         | -         | -         | -       | -         | -          | -          |
| Transportation and Telecommunication  | -         | -         | 1,038,759 | -       | 61,305    | 977,454    | 1,038,759  |
| Financial Institutions                | 4,045,878 | 5,105,335 | 498,635   | 119,625 | 1,294,080 | 8,475,393  | 9,769,473  |
| Real Estate and Rental Services       | -         | -         | -         | -       | -         | -          | -          |
| Professional Services                 | -         | -         | -         | -       | -         | -          | -          |
| Educational Services                  | -         | -         | -         | -       | -         | -          | -          |
| Health and Social Services            | -         | -         | 6,358     | -       | 575       | 5,783      | 6,358      |
| <b>Other</b>                          | -         | -         | -         | -       | -         | -          | -          |
| <b>Total*</b>                         | 4,045,878 | 5,105,335 | 8,522,281 | 119,625 | 2,714,836 | 15,078,283 | 17,793,119 |

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

- 1: Conditional and unconditional exposures to central governments or central
- 2: Conditional and unconditional exposures to banks and brokerage houses
- 3: Conditional and unconditional exposures to corporates
- 4: Other receivables

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### II. Explanations on credit risk (Continued)

##### 3. Analysis of maturity-bearing exposures according to remaining maturities

| Exposure Categories / Current Period  | Term To Maturity  |                  |                  |                  |                  |
|---|-------------------|------------------|------------------|------------------|------------------|
|   | Up to 1 Month     | 1-3 Months       | 3-6 Months       | 6-12 Months      | Over 1 Year      |
| Conditional and Unconditional Exposures to Central Governments or Central Banks | 8,569,039         | 2,352            | 789              | -                | -                |
| Conditional and Unconditional Exposures to Banks and Brokerage Houses           | 235,487           | 706,826          | 3,266,129        | -                | 191,224          |
| Conditional and Unconditional Exposures to Other Corporates                     | 1,454,657         | 2,228,776        | 509,878          | 6,185,102        | 2,811,014        |
| Other Receivables   | -                 | -                | -                | -                | -                |
| <b>Total</b>  | <b>10,259,183</b> | <b>2,937,954</b> | <b>3,776,796</b> | <b>6,185,102</b> | <b>3,002,238</b> |

| Exposure Categories / Current Period  | Term To Maturity |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
|   | Up to 1 Month    | 1-3 Months       | 3-6 Months       | 6-12 Months      | Over 1 Year      |
| Conditional and Unconditional Exposures to Central Governments or Central Banks | 3,802,238        | 14,910           | -                | -                | -                |
| Conditional and Unconditional Exposures to Banks and Brokerage Houses           | 707,350          | 336,641          | 2,033,956        | 1,848,954        | 107,912          |
| Conditional and Unconditional Exposures to Other Corporates                     | 872,959          | 899,733          | 932,874          | 3,561,829        | 2,254,885        |
| Other Receivables   | -                | -                | -                | -                | -                |
| <b>Total</b>  | <b>5,382,547</b> | <b>1,251,284</b> | <b>2,966,830</b> | <b>5,410,783</b> | <b>2,362,797</b> |

An international rating firm external risk ratings are used for the risk categories (defined in the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks") of the whole receivables from central governments and central banks and for the receivables where the counterparties are located in foreign countries.

The risk weights are used as unrated for central governments and central banks that are not rated by an international rating agency. Where the counterparties are domestic, the related exposures are included in the calculation of capital adequacy as unrated.

##### 4. Exposures by risk weights

| Risk Weights/<br>Current Period            | %0        | %2      | %10 | %20     | %35 | %50       | %75 | %100       | %150 | %200    | Deductions     |
|--|-----------|---------|-----|---------|-----|-----------|-----|------------|------|---------|----------------|
|  |           |         |     |         |     |           |     |            |      |         | from<br>Equity |
| Exposures Before<br>Credit Risk Mitigation | 9,020,772 | 227,525 | -   | 288,630 | -   | 6,303,763 | -   | 12,702,264 | -    | 667,535 | 10,998         |
| Exposures After Credit<br>Risk Mitigation  | 9,020,772 | 227,525 | -   | 288,630 | -   | 5,107,886 | -   | 5,935,600  | -    | 667,535 | 10,998         |

| Risk Weights /<br>Prior Period             | %0        | %2      | %10 | %20     | %35 | %50       | %75 | %100      | %150 | %200 | Deductions from |
|--|-----------|---------|-----|---------|-----|-----------|-----|-----------|------|------|-----------------|
|  |           |         |     |         |     |           |     |           |      |      | Equity          |
| Exposures Before<br>Credit Risk Mitigation | 3,918,655 | 127,223 | -   | 528,342 | -   | 4,490,739 | -   | 8,728,159 | -    | -    | 11,078          |
| Exposures After Credit<br>Risk Mitigation  | 3,918,655 | 127,223 | -   | 528,342 | -   | 3,681,658 | -   | 4,307,241 | -    | -    | 11,078          |

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### II. Explanations on credit risk (Continued)

##### 5. Information by major sectors and type of counterparties

| Major Sectors / Counterparties (Current Period) | Credit Risks                                    |                     | Expected Credit Losses (IFRS 9) |
|---|---|---------------------|---------------------------------|
|   | Significant Increase on Credit Risk ( Stage II) | Default (Stage III) |                                 |
| <b>Agriculture</b>                              | -   | -                   | -                               |
| <i>Farming and Stockbreeding</i>                | -   | -                   | -                               |
| <i>Forestry</i>                                 | -   | -                   | -                               |
| <i>Fishery</i>                                  | -   | -                   | -                               |
| <b>Manufacturing</b>                            | -   | -                   | -                               |
| <i>Mining and Quarrying</i>                     | -   | -                   | -                               |
| <i>Production</i>                               | -   | -                   | -                               |
| <i>Electricity, Gas and Water</i>               | -   | -                   | -                               |
| <b>Construction</b>                             | -   | -                   | -                               |
| <b>Services</b>                                 | -   | -                   | -                               |
| <i>Wholesale and Retail Trade</i>               | -   | -                   | -                               |
| <i>Accommodation and Dining</i>                 | -   | -                   | -                               |
| <i>Transportation and Telecommunication</i>     | -   | -                   | -                               |
| <i>Financial Institutions</i>                   | -   | -                   | -                               |
| <i>Real Estate and Rental Services</i>          | -   | -                   | -                               |
| <i>Professional Services</i>                    | -   | -                   | -                               |
| <i>Educational Services</i>                     | -   | -                   | -                               |
| <i>Health and Social Services</i>               | -   | -                   | -                               |
| <b>Others</b>                                   | -   | -                   | -                               |
| <b>Total</b>                                    | -   | -                   | -                               |

| Major Sectors / Counterparties (Prior Period) | Credit Risks                                    |                     | Expected Credit Losses (IFRS 9) |
|---|---|---------------------|---------------------------------|
|   | Significant Increase on Credit Risk ( Stage II) | Default (Stage III) |                                 |
| <b>Agriculture</b>                            | -   | -                   | -                               |
| <i>Farming and Stockbreeding</i>              | -   | -                   | -                               |
| <i>Forestry</i>                               | -   | -                   | -                               |
| <i>Fishery</i>                                | -   | -                   | -                               |
| <b>Manufacturing</b>                          | 32,728  | -                   | 173                             |
| <i>Mining and Quarrying</i>                   | -   | -                   | -                               |
| <i>Production</i>                             | 32,728  | -                   | 173                             |
| <i>Electricity, Gas and Water</i>             | -   | -                   | -                               |
| <b>Construction</b>                           | -   | -                   | -                               |
| <b>Services</b>                               | -   | -                   | -                               |
| <i>Wholesale and Retail Trade</i>             | -   | -                   | -                               |
| <i>Accommodation and Dining</i>               | -   | -                   | -                               |
| <i>Transportation and Telecommunication</i>   | -   | -                   | -                               |
| <i>Financial Institutions</i>                 | -   | -                   | -                               |
| <i>Real Estate and Rental Services</i>        | -   | -                   | -                               |
| <i>Professional Services</i>                  | -   | -                   | -                               |
| <i>Educational Services</i>                   | -   | -                   | -                               |
| <i>Health and Social Services</i>             | -   | -                   | -                               |
| <b>Others</b>                                 | -   | -                   | -                               |
| <b>Total</b>                                  | 32,728  | -                   | 173                             |

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# MUFG BANK TURKEY A.Ş.

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### II. Explanations on credit risk (Continued)

##### 6. Information on movements in value adjustments and provisions

| Current Period                            | Opening Balance | Provision for Period | Provision Reversals | Other Adjustments | Closing Balance |
|---|-----------------|----------------------|---------------------|-------------------|-----------------|
| Stage III Expected Credit Loss            | -               | -                    | -                   | -                 | -               |
| Stage I and Stage II Expected Credit Loss | 69,434          | 105,584              | (7,702)             | -                 | 167,316         |

| Prior Period                              | Opening Balance | Provision for Period | Provision Reversals | Other Adjustments | Closing Balance |
|---|-----------------|----------------------|---------------------|-------------------|-----------------|
| Stage III Expected Credit Loss            | -               | -                    | -                   | -                 | -               |
| Stage I and Stage II Expected Credit Loss | 56,955          | 29,076               | (16,597)            | -                 | 69,434          |

##### 7. Information on collaterals, impairment, rating and maturity related to loans granted to individuals and corporates

Details of collaterals of standard and close monitoring loans granted to individuals and corporates are as follows:

| Cash loans granted to individuals and corporates                                 | Standard Loans    | Standard Loans    | Loans Under Close Monitoring | Loans Under Close Monitoring |
|--|-------------------|-------------------|------------------------------|------------------------------|
|  | Current Period    | Prior Period      | Current Period               | Prior Period                 |
| Secured Loans:   | 15,194,726        | 10,577,688        | -                            | 32,728                       |
| Secured by Cash Collateral   | 12,922,926        | 9,131,953         | -                            | -                            |
| Secured by Mortgages   | -                 | -                 | -                            | -                            |
| Secured by Treasury Guarantees or Securities Issued by Public Sector             | -                 | -                 | -                            | -                            |
| Guarantees Issued by Financial Institutions                                      | -                 | -                 | -                            | -                            |
| Other Collaterals (pledges, corporate and personal guarantees, promissory notes) | 2,271,800         | 1,445,735         | -                            | 32,728                       |
| Non-Secured Loans  | 6,087,542         | 4,742,258         | -                            | -                            |
| <b>Total</b>   | <b>21,282,268</b> | <b>15,319,946</b> | <b>-</b>                     | <b>32,728</b>                |

#### III. Explanations on currency risk

Currency risk position limit is determined in line with foreign currency net general position standard ratio. The Bank does not take foreign exchange and parity risk; transactions are usually hedged. Measurable and manageable risks are taken within legal limits.

As of 31 December 2022, the Bank has registered TRY 449,049 from off-balance sheet position( 31 December 2021: TRY 321,490 is from off-balance sheet open position) and TRY 451,425 is from off-balance sheet open position( 31 December 2021: TRY 319,548 is off-balance sheet position) has a net FX short position of TRY 2,376 ( 31 December 2021: TRY 1,942 net FX short position). The “standard method” used in legal reporting is used to measure the currency risk it is exposed to.

The announced current foreign exchange buying rates of the Bank at 31 December 2022 and the previous five working days in full TRY are as follows:

|  |         |
|--|---------|
| US Dollar purchase rate as at the balance sheet date | 18.6983 |
| Euro purchase rate as at the balance sheet date      | 19.9349 |

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### III. Explanations on currency risk (Continued)

| Date             | USD Dollar | Euro    |
|------------------|------------|---------|
| 27 December 2022 | 18.6813    | 19.9087 |
| 28 December 2022 | 18.6964    | 19.8946 |
| 29 December 2022 | 18.6966    | 19.8816 |
| 30 December 2022 | 18.6983    | 19.9349 |
| 31 December 2022 | 18.6983    | 19.9349 |

With the simple arithmetic average of December 2022, the US dollar buying rate is 18.6395 TL, the Euro buying rate is 19.7473 TL (full TL). TL (full TL). (With the simple arithmetic average of December 2021, the USD buying rate is 13.6356 TL, the Euro buying rate is 15.4126 TL.)

| Current Period   | EUR                | USD                | Other           | Total             |
|--|--------------------|--------------------|-----------------|-------------------|
| <b>Assets</b>  |                    |                    |                 |                   |
| Cash and Balances with the Central Bank of Turkey                          | 5,917,221          | 6,321,322          | -               | 12,238,543        |
| Banks  | 2,416,542          | 11,068             | 86,984          | 2,514,594         |
| Financial Assets Measured at Fair Value through Profit/Loss (*)            | -                  | -                  | -               | -                 |
| Interbank Money Market Placements  | -                  | -                  | -               | -                 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | -                  | -                  | -               | -                 |
| Loans  | 11,124,260         | 7,908,871          | 124,345         | 19,157,476        |
| Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)   | -                  | -                  | -               | -                 |
| Financial Assets Measured at Amortised Cost                                | -                  | -                  | -               | -                 |
| Derivative Financial Assets Held for Hedging Purposes                      | -                  | -                  | -               | -                 |
| Tangible Assets  | -                  | -                  | -               | -                 |
| Intangible Assets  | -                  | -                  | -               | -                 |
| Other Assets   | 299,153            | -                  | -               | 299,153           |
| <b>Total Assets</b>  | <b>19,757,176</b>  | <b>14,241,261</b>  | <b>211,329</b>  | <b>34,209,766</b> |
| <b>Liabilities</b>   |                    |                    |                 |                   |
| Banks Deposits   | 5,098,478          | 6,222,196          | -               | 11,320,674        |
| Foreign Currency Deposits  | 1,038,043          | 299,762            | 201,499         | 1,539,304         |
| Interbank Money Market Borrowings  | -                  | -                  | -               | -                 |
| Funds Borrowed from Other Financial Institutions                           | 11,995,377         | 8,905,354          | -               | 20,900,731        |
| Sundry Creditors   | -                  | -                  | 8               | 8                 |
| Marketable Securities Issued   | -                  | -                  | -               | -                 |
| Derivative Financial Liabilities Held for Hedging Purposes                 | -                  | -                  | -               | -                 |
| Other Liabilities  | -                  | -                  | -               | -                 |
| <b>Total Liabilities</b>   | <b>18,131,898</b>  | <b>15,427,312</b>  | <b>201,507</b>  | <b>33,760,717</b> |
| <b>Total Liabilities</b>   | <b>1,625,278</b>   | <b>(1,186,051)</b> | <b>9,822</b>    | <b>449,049</b>    |
| <b>Net Balance Sheet Position</b>  | <b>(1,626,501)</b> | <b>1,184,064</b>   | <b>(8,988)</b>  | <b>(451,425)</b>  |
| Financial Derivative Assets  | 566,481            | 3,403,661          | 8,800           | 3,978,942         |
| Financial Derivative Liabilities   | 2,192,982          | 2,219,597          | 17,788          | 4,430,367         |
| Non-Cash Loans   | 392,929            | 436,736            | 7,395           | 837,060           |
| <b>Prior Period</b>  |                    |                    |                 |                   |
| Total Assets   | 10,017,303         | 10,964,112         | 146,615         | 21,218,030        |
| Total Liabilities  | 6,501,895          | 14,763,347         | 184,278         | 21,449,520        |
| <b>Net Balance Sheet Position</b>  | <b>3,515,408</b>   | <b>(3,799,235)</b> | <b>(37,663)</b> | <b>(321,490)</b>  |
| <b>Net Off Balance Sheet Position</b>                                      | <b>(3,516,684)</b> | <b>(3,797,508)</b> | <b>38,724</b>   | <b>319,548</b>    |
| Derivative Financial Assets  | 1,141,639          | 5,792,410          | 39,693          | 6,973,742         |
| Derivative Financial Liabilities   | 4,658,323          | 1,994,902          | 969             | 6,654,194         |
| Non-Cash Loans   | 206,376            | 1,883,766          | 6,044           | 2,096,186         |

(\*) Derivative financial assets held for trading amounting to TL 20,472 and derivative financial liabilities held for trading amounting to TL 24,948 are not included in the currency risk table

#### IV. Explanations interest rate risk

The Bank's interest rate sensitive assets and liabilities are monitored and sensitivity analysis are carried out for the impact of the interest rate fluctuations on the financial statements. The results are reported regularly to the Asset Liability Committee, Risk Committee and the top management. The effects of interest rate fluctuations (volatility) on the Bank's financial statements in the forthcoming periods are assessed through sensitivity and scenario analysis. Potential losses due to changes in fair value of interest-sensitive products are calculated during these assessments through applying shocks to interest rates. The Bank considers interest rate risk in accordance with the Market Risk-Banking Book Policy and daily differences (gap) are controlled to be within the predetermined limits and are reported to top management.

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# MUFG BANK TURKEY A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### IV. Explanations interest rate risk (Continued)

“Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates)”:

| Current Period End  | Up to 1<br>Month    | 1-3<br>Months      | 3-12<br>Months    | 1-5<br>Years  | Over<br>5 Years  | Non-<br>interest<br>Bearing | Total             |              |
|---|---------------------|--------------------|-------------------|---------------|------------------|-----------------------------|-------------------|--------------|
| <b>Assets</b>   |                     |                    |                   |               |                  |                             |                   |              |
| Cash (Cash in TRY, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 1,794,764           | -                  | -                 | -             | -                | 10,476,499                  | 12,271,263        |              |
| Banks   | 190,106             | 400,680            | 2,000,264         | -             | -                | 113,872                     | 2,704,922         |              |
| Financial Assets at Fair Value Through Profit or Loss   | -                   | -                  | -                 | -             | -                | -                           | -                 |              |
| Interbank Money Market Placements   | -                   | -                  | -                 | -             | -                | -                           | -                 |              |
| Financial Assets Measured at Fair Value through Other Comprehensive Income  | -                   | -                  | -                 | -             | -                | -                           | -                 |              |
| Loans   | 2,249,310           | 7,091,942          | 11,930,603        | 10,413        | -                | -                           | 21,282,268        |              |
| Financial Assets Measured at Amortised Cost   | -                   | -                  | -                 | -             | -                | -                           | -                 |              |
| Other Assets (*)  | -                   | -                  | -                 | -             | -                | 376,731                     | 376,731           |              |
| <b>Total Assets</b>   | <b>4,234,180</b>    | <b>7,492,622</b>   | <b>13,930,867</b> | <b>10,413</b> | <b>-</b>         | <b>10,967,102</b>           | <b>36,635,184</b> |              |
| <b>Liabilities</b>  |                     |                    |                   |               |                  |                             |                   |              |
| Bank Deposits   | 4,953,949           | 3,090,139          | 3,227,707         | -             | -                | 1                           | 11,321,796        |              |
| Other Deposits  | 736,016             | -                  | -                 | -             | -                | 1,465,052                   | 2,201,068         |              |
| Interbank Money Market Borrowings   | -                   | -                  | -                 | -             | -                | -                           | -                 |              |
| Sundry Creditors  | -                   | -                  | -                 | -             | -                | 2,660                       | 2,660             |              |
| Marketable Securities Issued  | -                   | -                  | -                 | -             | -                | -                           | -                 |              |
| Funds Borrowed from Other Financial Institutions  | 8,773,253           | 5,528,698          | 6,588,389         | 10,391        | -                | -                           | 20,900,731        |              |
| Other Liabilities (**)  | -                   | -                  | -                 | -             | -                | 2,208,929                   | 2,208,929         |              |
| <b>Total Liabilities</b>  | <b>14,463,218</b>   | <b>8,618,837</b>   | <b>9,866,096</b>  | <b>10,391</b> | <b>-</b>         | <b>3,676,642</b>            | <b>36,635,184</b> |              |
| Balance Sheet Long Position   | -                   | 4,064,771          | 22                | 7,290,460     | 11,355,253       | 22                          | 7,290,460         | 11,355,253   |
| Balance Sheet Short Position  | (10,229,038)        | (1,126,215)        | -                 | -             | (11,355,253)     | -                           | -                 | (11,355,253) |
| Off-Balance Sheet Long Position   | -                   | -                  | -                 | -             | -                | -                           | -                 |              |
| Off-Balance Sheet Short Position  | -                   | -                  | -                 | -             | -                | -                           | -                 |              |
| <b>Total Position</b>   | <b>(10,229,038)</b> | <b>(1,126,215)</b> | <b>4,064,771</b>  | <b>22</b>     | <b>7,290,460</b> | <b>22</b>                   | <b>7,290,460</b>  |              |

(\*) Derivative financial assets, tangible and intangible assets, expected loss provisions, deferred tax assets and other assets are shown in the Non-interest Bearing column.

(\*\*) Shareholders' equity, derivative financial liabilities and lease liabilities are shown in the Non-interest Bearing column.

| Prior Period End  | Up to 1<br>Month   | 1-3<br>Months    | 3-12<br>Months    | 1-5<br>Years  | Over<br>5<br>Years | Non-<br>interest<br>Bearing | Total             |
|---|--------------------|------------------|-------------------|---------------|--------------------|-----------------------------|-------------------|
| <b>Assets</b>   |                    |                  |                   |               |                    |                             |                   |
| Cash (Cash in TRY, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 2,481,126          | -                | -                 | -             | -                  | 3,232,978                   | 5,714,104         |
| Banks   | 440,181            | 150,956          | 1,358,721         | -             | -                  | 102,039                     | 2,051,897         |
| Financial Assets at Fair Value Through Profit or Loss   | -                  | -                | -                 | -             | -                  | -                           | -                 |
| Interbank Money Market Placements   | -                  | -                | -                 | -             | -                  | -                           | -                 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income  | -                  | -                | -                 | -             | -                  | -                           | -                 |
| Loans   | 2,142,391          | 4,121,014        | 9,071,083         | 18,186        | -                  | -                           | 15,352,674        |
| Financial Assets Measured at Amortised Cost   | -                  | -                | -                 | -             | -                  | -                           | -                 |
| Other Assets (*)  | -                  | -                | -                 | -             | -                  | 266,758                     | 266,758           |
| <b>Total Assets</b>   | <b>5,063,698</b>   | <b>4,271,970</b> | <b>10,429,804</b> | <b>18,186</b> | <b>-</b>           | <b>3,601,775</b>            | <b>23,385,433</b> |
| <b>Liabilities</b>  |                    |                  |                   |               |                    |                             |                   |
| Bank Deposits   | 4,166,591          | 1,549,165        | 2,455,252         | -             | -                  | -                           | 8,171,008         |
| Other Deposits  | 616,837            | -                | -                 | -             | -                  | 1,937,539                   | 2,554,376         |
| Interbank Money Market Borrowings   | -                  | -                | -                 | -             | -                  | -                           | -                 |
| Sundry Creditors  | -                  | -                | -                 | -             | -                  | 41,474                      | 41,474            |
| Marketable Securities Issued  | -                  | -                | -                 | -             | -                  | -                           | -                 |
| Funds Borrowed from Other Financial Institutions  | 2,536,739          | 1,945,468        | 6,533,562         | 18,145        | -                  | -                           | 11,033,914        |
| Other Liabilities (**)  | -                  | -                | -                 | -             | -                  | 1,584,661                   | 1,584,661         |
| <b>Total Liabilities</b>  | <b>7,320,167</b>   | <b>3,494,633</b> | <b>8,988,814</b>  | <b>18,145</b> | <b>-</b>           | <b>3,563,674</b>            | <b>23,385,433</b> |
| Balance Sheet Long Position   | -                  | 777,337          | 1,440,990         | 41            | -                  | 38,101                      | 2,256,469         |
| Balance Sheet Short Position  | (2,256,469)        | -                | -                 | -             | -                  | -                           | (2,256,469)       |
| Off-Balance Sheet Long Position   | -                  | -                | -                 | -             | -                  | -                           | -                 |
| Off-Balance Sheet Short Position  | -                  | -                | -                 | -             | -                  | -                           | -                 |
| <b>Total Position</b>   | <b>(2,256,469)</b> | <b>777,337</b>   | <b>1,440,990</b>  | <b>41</b>     | <b>-</b>           | <b>38,101</b>               | <b>-</b>          |

(\*) Derivative financial assets, tangible and intangible assets, expected loss provisions, deferred tax assets and other assets are shown in the Non-interest Bearing column.

(\*\*) Shareholders' equity, derivative financial liabilities and lease liabilities are shown in the Non-interest Bearing column.

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### IV. Explanations interest rate risk (Continued)

##### Average interest rates applied to financial instruments

| Current Period End  | EUR% | USD% | JPY% | TRY%  |
|---|------|------|------|-------|
| <b>Assets</b>   |      |      |      |       |
| Cash (Cash in TRY, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 0.76 | 0.00 | 0.00 | 0.00  |
| Banks   | 2.79 | 0.00 | 0.00 | 10.00 |
| Financial Assets at Fair Value Through Profit/ Loss   | 0.00 | 0.00 | 0.00 | 0.00  |
| Interbank Money Market Placements   | 0.00 | 0.00 | 0.00 | 0.00  |
| Financial Assets Measured at Fair Value through Other Comprehensive Income  | 0.00 | 0.00 | 0.00 | 0.00  |
| Loans   | 5.36 | 7.73 | 0.50 | 14.10 |
| Financial Assets Measured at Amortised Cost   | 0.00 | 0.00 | 0.00 | 0.00  |
| Bank Deposits   | 1.80 | 4.61 | 0.00 | 3.00  |
| Other Deposits  | 0.00 | 0.25 | 0.00 | 9.43  |
| Interbank Money Market Borrowings   | 0.00 | 0.00 | 0.00 | 0.00  |
| Sundry Creditors  | 0.00 | 0.00 | 0.00 | 0.00  |
| Marketable Securities Issued  | 0.00 | 0.00 | 0.00 | 0.00  |
| Funds Borrowed from Other Financial Institutions  | 1.91 | 4.36 | 0.00 | 0.00  |
| <b>Prior Period End</b>   |      |      |      |       |
| <b>Assets</b>   |      |      |      |       |
| Cash (Cash in TRY, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | -    | -    | -    | 8.50  |
| Banks   | 0.56 | -    | -    | 15.00 |
| Financial Assets at Fair Value Through Profit/ Loss   | -    | -    | -    | -     |
| Interbank Money Market Placements   | -    | -    | -    | -     |
| Financial Assets Measured at Fair Value through Other Comprehensive Income  | -    | -    | -    | -     |
| Loans   | 1.50 | 1.87 | 0.50 | 18.57 |
| Financial Assets Measured at Amortised Cost   | -    | -    | -    | -     |
| Bank Deposits   | -    | 0.22 | -    | 3.00  |
| Other Deposits  | -    | 0.05 | -    | 14.38 |
| Interbank Money Market Borrowings   | -    | -    | -    | -     |
| Sundry Creditors  | -    | -    | -    | -     |
| Marketable Securities Issued  | -    | -    | -    | -     |
| Funds Borrowed from Other Financial Institutions  | 0.01 | 0.26 | -    | -     |

As per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method” published by the BRSA on 23 August 2011, the Bank analyses and reports to the Bank’s senior management the interest rate sensitivity of its equity on a monthly basis by applying positive and negative shocks to the interest sensitive on balance sheet and off-balance sheet positions which are distributed into groups based on their cash flows.

| Current Period                     | Shock Applied       | Gains/          | Gains / Equity  |
|------------------------------------|---------------------|-----------------|-----------------|
|                                    | (+ / - x bps)       | Losses          | Losses / Equity |
| TRY                                | (+) 500 basis point | (47,893)        | (2.26%)         |
| TRY                                | (-) 400 basis point | 41,227          | 1.94%           |
| USD Dollar                         | (+) 200 basis point | (12,135)        | (0.57%)         |
| USD Dollar                         | (-) 200 basis point | 12,707          | 0.60%           |
| EURO                               | (+) 200 basis point | (13,754)        | (0.65%)         |
| EURO                               | (-) 200 basis point | 14,460          | 0.68%           |
| <b>Total (For Negative Shocks)</b> |                     | <b>68,594</b>   | <b>0.03%</b>    |
| <b>Total (For Positive Shocks)</b> |                     | <b>(73,782)</b> | <b>(0.03%)</b>  |

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### IV. Explanations interest rate risk (Continued)

| Prior Period                       | Shock Applied       | Gains/          | Gains / Equity  |
|------------------------------------|---------------------|-----------------|-----------------|
|                                    | (+ / - x bps)       | Losses          | Losses / Equity |
| TRY                                | (+) 500 basis point | (29,280)        | (1,93%)         |
| TRY                                | (-) 400 basis point | 25,141          | 1,65%           |
| USD Dollar                         | (+) 200 basis point | (85)            | (0,01%)         |
| USD Dollar                         | (-) 200 basis point | 210             | 0,01%           |
| EURO                               | (+) 200 basis point | (4,959)         | (0,33%)         |
| EURO                               | (-) 200 basis point | 5,150           | 0,34%           |
| <b>Total (For Negative Shocks)</b> |                     | <b>30,501</b>   | <b>0,02%</b>    |
| <b>Total (For Positive Shocks)</b> |                     | <b>(34,324)</b> | <b>(0,02%)</b>  |

#### V Explanations on equity securities position risk

The Bank does not have a position of equity securities as of 31 December 2022.

#### VI. Explanations on liquidity risk

The Bank diversifies its funding resources with deposits and foreign bank borrowings to avoid the liquidity risk, monitors maturity mismatch between assets and liabilities and keeps liquid assets to meet probable liquidity needs that might result from market fluctuations.

Liquidity Coverage Ratio (LCR), aims for the banks having the ability to cover 30 days of liquidity needs with their own cash and high quality liquid assets that are easy to convert to cash during liquidity shortages in the markets. With that perspective and according to "Regulation for Banks' Liquidity Coverage Ratio Calculations" (the Regulation) terms LCR ratio is calculated by having high quality liquid assets divided by net cash outflows.

Items in balance sheet and off balance sheet items are taken into account after being multiplied by the coefficients envisaged in the Regulation. In LCR calculation cash inflows are limited by 75% of cash outflows and cash inflows from high quality liquid assets are not included.

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by the central bank to use in liquidity shortages.

The Bank's main funding sources are deposits, funds borrowed and money market borrowings.

In LCR calculation, cash outflows mainly consist of deposits, secured and unsecured borrowings and off balance sheet items.

The cash flows from derivative financial instruments are included in LCR calculations according to provisions of the Regulation. The Bank also considers changes in fair value of the liabilities that result in margin calls when calculating cash outflows.

There were not any material changes in items included in LCR calculations during the period.



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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### VI. Explanations on liquidity risk (Continued)

##### Liquidity coverage ratio

| <i>Current Period</i>             |  | Total Unweighted Value<br>(Average) <sup>(*)</sup> |                  | Total Weighted Value<br>(Average) <sup>(*)</sup> |                   |
|-----------------------------------|--|--|------------------|--|-------------------|
|                                   |  | TRY+FC   | FC               | TRY+FC   | FC                |
| <b>High-Quality Liquid Assets</b> |  |  |                  |  |                   |
| 1                                 | Total high-quality liquid assets (HQLA)  |  |                  | 9,013,656  | 8,984,718         |
| <b>Cash Outflows</b>              |  |  |                  |  |                   |
| 2                                 | Retail deposits and deposits from small business customers, of which:                              | 113,020  | 96,024           | 6,409  | 6,229             |
| 3                                 | Stable deposits  | 97,980   | 94,520           | 4,904  | 4,726             |
| 4                                 | Less stable deposits   | 15,040   | 1,504            | 1,505  | 1,503             |
| 5                                 | Unsecured wholesale funding, of which:   | 11,581,949   | 11,461,778       | 11,583,332                                       | 11,461,778        |
| 6                                 | Operational deposits   | 257,513  | 232,285          | 258,014  | 232,285           |
| 7                                 | Non-operational deposits   | 180,680  | 116,462          | 181,143  | 116,462           |
| 8                                 | Unsecured funding  | 11,143,756   | 11,113,031       | 11,144,175                                       | 11,113,031        |
| 9                                 | Secured wholesale funding  |  |                  |  |                   |
| 10                                | Other cash outflows of which:  | 613,731  | 45,256           | 621,867  | 45,256            |
| 11                                | Outflows related to derivative exposures and other collateral requirements                         | 613,731  | 45,256           | 621,867  | 45,256            |
| 12                                | Outflows related to restructured financial Instruments   |  |                  |  |                   |
| 13                                | Payment commitments and other off-balance sheet commitments granted for debts to financial markets |  |                  |  |                   |
| 14                                | Other revocable off-balance sheet commitments and contractual obligations                          |  |                  |  |                   |
| 15                                | Other irrevocable or conditionally revocable off-balance sheet obligations                         | 5,922,789  | 5,134,736        | 489,394  | 346,671           |
| 16                                | <b>Total Cash Outflows</b>   |  |                  | <b>12,701,002</b>                                | <b>11,859,934</b> |
| <b>Cash Inflows</b>               |  |  |                  |  |                   |
| 17                                | Secured receivables  |  |                  |  |                   |
| 18                                | Unsecured receivables  | 5,435,769  | 4,788,065        | 5,445,195  | 4,788,065         |
| 19                                | Other cash inflows   | 643,823  | 593,644          | 643,823  | 593,644           |
| 20                                | <b>Total Cash Inflows</b>  | <b>6,079,592</b>                                   | <b>5,381,709</b> | <b>6,089,018</b>                                 | <b>5,381,709</b>  |
| 21                                | <b>Total HQLA</b>  |  |                  | <b>9,013,656</b>                                 | <b>8,984,718</b>  |
| 22                                | <b>Total Net Cash Outflows</b>   |  |                  | <b>6,611,984</b>                                 | <b>6,478,225</b>  |
| 23                                | <b>Liquidity Coverage Ratio (%)</b>  |  |                  | <b>136,32</b>                                    | <b>138,69</b>     |

(\*) The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

Liquidity coverage ratios for the last three months of 2022 calculated in accordance with the "Regulation on Calculation of Banks' Liquidity Coverage Ratio" published in the Official Gazette dated March 21, 2014 and numbered 28948 are given below.

|        | Highest (%) | Date       | Lowest (%) | Date       | Average (%) |
|--------|-------------|------------|------------|------------|-------------|
| TRY+FC | 142.59      | 24.11.2022 | 97.23      | 19.10.2022 | 119.91      |
| FC     | 150.04      | 24.11.2022 | 90.92      | 27.10.2022 | 120.48      |

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### VI. Explanations on liquidity risk (Continued)

##### Liquidity coverage ratio

| Prior Period  | Total Unweighted Value (Average) (*) |           | Total Weighted Value (Average) (*) |           |
|---|--------------------------------------|-----------|------------------------------------|-----------|
|   | TRY+FC                               | FC        | TRY+FC                             | FC        |
| <b>High-Quality Liquid Assets</b>   |                                      |           |                                    |           |
| 1 Total high quality liquid assets (HQLA)   |                                      |           | 4,541,057                          | 4,481,444 |
| <b>Cash Outflows</b>  |                                      |           |                                    |           |
| 2 Retail deposits and deposits from small business customers of which:                                | 109,410                              | 73,185    | 5,472                              | 3,664     |
| 3 Stable deposits   | 109,360                              | 73,180    | 5,467                              | 3,659     |
| 4 Less stable deposits  | 50                                   | 5         | 5                                  | 5         |
| 5 Unsecured wholesale funding, of which:  | 4,457,049                            | 4,233,024 | 4,457,049                          | 4,233,024 |
| 6 Operational deposits  | 389,278                              | 305,379   | 389,278                            | 305,379   |
| 7 Non operational deposits  | 265,516                              | 213,018   | 265,516                            | 213,018   |
| 8 Unsecured funding   | 3,802,255                            | 3,714,627 | 3,802,255                          | 3,714,627 |
| 9 Secured wholesale funding   |                                      |           |                                    |           |
| 10 Other cash outflows of which:  | 360,213                              | 185,613   | 360,213                            | 185,613   |
| 11 Outflows related to derivative exposures and other collateral requirements                         | 360,213                              | 185,613   | 360,213                            | 185,613   |
| 12 Outflows related to restructured financial instruments   | -                                    | -         | -                                  | -         |
| 13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets | -                                    | -         | -                                  | -         |
| 14 Other revocable off-balance sheet commitments and contractual obligations                          | -                                    | -         | -                                  | -         |
| 15 Other irrevocable or conditionally revocable off-balance sheet obligations                         | 2,071,206                            | 1,199,742 | 411,971                            | 297,498   |
| 16 Total Cash Outflows  |                                      |           | 5,234,705                          | 4,719,799 |
| <b>Cash Inflows</b>   |                                      |           |                                    |           |
| 17 Secured receivables  | -                                    | -         | -                                  | -         |
| 18 Unsecured receivables  | 1,659,235                            | 902,243   | 1,659,236                          | 902,243   |
| 19 Other cash inflows   | 299,556                              | 139,964   | 299,556                            | 139,964   |
| 20 Total Cash Inflows   | 1,958,792                            | 1,042,207 | 1,958,792                          | 1,042,207 |
| 21 Total HQLA   |                                      |           | 4,541,057                          | 4,481,444 |
| 22 Total Net Cash Outflows  |                                      |           | 3,275,913                          | 3,677,592 |
| 23 Liquidity Coverage Ratio (%)   |                                      |           | 138.62                             | 121.86    |

(\*) The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

21 Mart 2014 tarih ve 28948 sayılı Resmî Gazete'de yayımlanan "Bankaların Likidite Karşılama Oranı Hesaplamasına İlişkin Yönetmelik" uyarınca hesaplanan 2021 yılı son üç aya ilişkin likidite karşılama oranları aşağıda verilmiştir.

|        | Highest (%) | Date       | Lowest (%) | Date       | Average (%) |
|--------|-------------|------------|------------|------------|-------------|
| TRY+FC | 156.66      | 31.12.2021 | 92.18      | 02.12.2021 | 124.42      |
| FC     | 151.56      | 31.12.2021 | 80.64      | 01.10.2021 | 116.10      |

#### 1. Contractual maturity analysis of liabilities according to remaining maturities

The remaining maturities table of the contractual liabilities includes the undiscounted future cash outflows for the principal amounts of the Bank's financial liabilities as per their earliest likely contractual maturities.

| 31 December 2022                            | Carrying Value    | Gross Nominal Outflows | Demand           | Up to 1 Month     | 1-3 Months       | 3-12 Months       | 1-5 Years    | 5 Years and Over |
|---|-------------------|------------------------|------------------|-------------------|------------------|-------------------|--------------|------------------|
| <b>Non-Derivative Financial Liabilities</b> |                   |                        |                  |                   |                  |                   |              |                  |
| Bank deposits                               | 11,321,796        | 11,435,870             | 1                | 4,956,142         | 3,100,993        | 3,378,734         | -            | -                |
| Other deposits                              | 2,201,068         | 2,201,381              | 1,465,052        | 736,329           | -                | -                 | -            | -                |
| Interbank money market takings              | 20,900,731        | 21,018,030             | -                | 8,778,183         | 5,553,506        | 6,679,122         | 7,220        | -                |
| <b>Total</b>                                | <b>34,423,595</b> | <b>34,655,281</b>      | <b>1,465,053</b> | <b>14,470,654</b> | <b>8,654,499</b> | <b>10,057,855</b> | <b>7,220</b> | <b>-</b>         |

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

### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### VI. Explanations on liquidity risk (Continued)

| 31 December 2021                            | Carrying value    | Gross Nominal Outflows | Demand           | Up to 1 Month    | 1-3 Months       | 3-12 Months      | 1-5 Years     | 5 Years and Over |
|---|-------------------|------------------------|------------------|------------------|------------------|------------------|---------------|------------------|
| <b>Non-Derivative Financial Liabilities</b> |                   |                        |                  |                  |                  |                  |               |                  |
| Bank deposits                               | 8,171,008         | 8,178,475              | -                | 4,166,796        | 1,549,408        | 2,462,271        | -             | -                |
| Other deposits                              | 2,554,376         | 2,555,485              | 1,937,539        | 617,946          | -                | -                | -             | -                |
| Interbank money market takings              | 11,033,914        | 11,042,692             | -                | 2,536,874        | 1,953,327        | 6,539,108        | 13,383        | -                |
| <b>Total</b>                                | <b>21,759,298</b> | <b>21,776,652</b>      | <b>1,937,539</b> | <b>7,321,616</b> | <b>3,502,735</b> | <b>9,001,379</b> | <b>13,383</b> | <b>-</b>         |

#### Presentation of assets and liabilities according to their remaining maturities:

| Current Period  | Demand Deposits    | Up to 1 Month      | 1-3 Months         | 3-12 Months       | 1-5 Year         | 5 Years and Over | Unallocated        | Total             |
|---|--------------------|--------------------|--------------------|-------------------|------------------|------------------|--------------------|-------------------|
| <b>Assets</b>   |                    |                    |                    |                   |                  |                  |                    |                   |
| Cash (Cash in TRY, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 582,972            | 11,688,291         | -                  | -                 | -                | -                | -                  | 12,271,263        |
| Banks   | 113,872            | 190,106            | 400,678            | 2,000,266         | -                | -                | -                  | 2,704,922         |
| Financial Assets at Fair Value Through Profit or Loss   | -                  | -                  | -                  | -                 | -                | -                | -                  | -                 |
| Interbank Money Market Placements   | -                  | -                  | -                  | -                 | -                | -                | -                  | -                 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income  | -                  | -                  | -                  | -                 | -                | -                | -                  | -                 |
| Loans   | -                  | 560,129            | 4,714,984          | 14,092,846        | 1,645,053        | 269,256          | -                  | 21,282,268        |
| Financial Assets Measured at Amortised Cost   | -                  | -                  | -                  | -                 | -                | -                | -                  | -                 |
| Other Assets (*)  | -                  | 55,491             | 24,211             | 21,793            | -                | -                | 275,236            | 376,731           |
| <b>Total Assets</b>   | <b>696,844</b>     | <b>12,494,017</b>  | <b>5,139,873</b>   | <b>16,114,905</b> | <b>1,645,053</b> | <b>269,256</b>   | <b>275,236</b>     | <b>36,635,184</b> |
| <b>Liabilities</b>  |                    |                    |                    |                   |                  |                  |                    |                   |
| Bank Deposits   | 1                  | 4,953,949          | 3,090,139          | 3,277,707         | -                | -                | -                  | 11,321,796        |
| Other Deposits  | 1,465,052          | 736,016            | -                  | -                 | -                | -                | -                  | 2,201,068         |
| Funds Borrowed from Other Financial Institutions  | -                  | 8,773,251          | 5,531,928          | 6,588,375         | 7,177            | -                | -                  | 20,900,731        |
| Interbank Money Market Borrowings   | -                  | -                  | -                  | -                 | -                | -                | -                  | -                 |
| Marketable Securities Issued  | -                  | -                  | -                  | -                 | -                | -                | -                  | -                 |
| Sundry Creditors  | -                  | -                  | -                  | -                 | -                | -                | 2,660              | 2,660             |
| Other Liabilities (**)  | -                  | 7,452              | 27,494             | 14,292            | 1,310            | -                | 2,158,381          | 2,208,929         |
| <b>Total Liabilities</b>  | <b>1,465,053</b>   | <b>14,470,668</b>  | <b>8,649,561</b>   | <b>9,880,374</b>  | <b>8,487</b>     | <b>-</b>         | <b>2,161,041</b>   | <b>36,635,184</b> |
| <b>Net Liquidity Gap</b>  | <b>(768,209)</b>   | <b>(1,976,651)</b> | <b>(3,509,688)</b> | <b>6,234,531</b>  | <b>1,636,566</b> | <b>269,256</b>   | <b>(1,885,805)</b> | <b>-</b>          |
| <b>Net Off-Balance Sheet Position</b>   |                    |                    |                    |                   |                  |                  |                    |                   |
| Derivative Financial Assets   | -                  | 51,760             | 1,483              | 10,340            | -                | -                | -                  | 63,583            |
| Derivative Financial Liabilities  | -                  | 4,161,825          | 1,884,794          | 1,163,297         | -                | -                | -                  | 7,209,916         |
| Non-Cash Loans  | -                  | 4,110,065          | 1,883,311          | 1,152,957         | -                | -                | -                  | 7,146,333         |
| Non-Cash Loans  | -                  | 70,411             | 60,866             | 313,657           | 494,348          | -                | 1,300,457          | 2,239,739         |
| <b>Prior Period</b>   |                    |                    |                    |                   |                  |                  |                    |                   |
| Total Assets  | 256,206            | 6,829,322          | 2,190,233          | 11,660,061        | 2,059,611        | 239,922          | 150,078            | 23,385,433        |
| Total Liabilities   | 1,937,539          | 7,339,533          | 3,533,425          | 8,990,164         | 16,695           | -                | 1,568,077          | 23,385,433        |
| <b>Net Liquidity Gap</b>  | <b>(1,681,333)</b> | <b>(510,211)</b>   | <b>(1,343,192)</b> | <b>2,669,897</b>  | <b>2,042,916</b> | <b>239,922</b>   | <b>(1,417,999)</b> | <b>-</b>          |
| <b>Net Off-Balance Sheet Position</b>   |                    |                    |                    |                   |                  |                  |                    |                   |
| Derivative Financial Assets   | -                  | 64,105             | 6,897              | 214               | -                | -                | -                  | 71,216            |
| Derivative Financial Liabilities  | -                  | 6,206,205          | 1,041,835          | 634,987           | -                | -                | -                  | 7,883,027         |
| Non-Cash Loans  | -                  | 6,142,100          | 1,034,938          | 634,773           | -                | -                | -                  | 7,811,811         |
| Non-Cash Loans  | -                  | 164,075            | 1,687,208          | 129,818           | 231,706          | -                | 483,559            | 2,696,366         |

(\*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short term such as tangible assets, stationary supplies and prepaid expenses are included in this column.

(\*\*) Shareholders' equity and provisions are classified in other liabilities in unallocated column.

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### VI. Explanations on liquidity risk (Continued)

##### Presentation of assets and liabilities according to their remaining maturities (Continued):

Analysis of Bank's derivative financial instruments according to their remaining maturities:

| Current Period                | Up to 1 month    | 1-3 Months       | 3-12 Months      | 1-5 Years | Over 5 Years | Total             |
|-------------------------------|------------------|------------------|------------------|-----------|--------------|-------------------|
| Forwards Contracts- Buy       | 2,716,525        | 1,176,065        | 560,270          | -         | -            | 4,452,860         |
| Forward Contracts – Sell      | 2,667,528        | 1,176,893        | 529,646          | -         | -            | 4,374,067         |
| Swaps – Buy                   | 1,474,193        | 679,836          | 603,027          | -         | -            | 2,757,056         |
| Swaps – Sell                  | 1,470,923        | 678,032          | 623,311          | -         | -            | 2,772,266         |
| Credit Default Swap – Buy     | -                | -                | -                | -         | -            | -                 |
| Credit Default Swap – Sell    | -                | -                | -                | -         | -            | -                 |
| Forward Precious Metal - Buy  | -                | -                | -                | -         | -            | -                 |
| Forward Precious Metal - Sell | -                | -                | -                | -         | -            | -                 |
| Money Buy Options             | -                | -                | -                | -         | -            | -                 |
| Money Sell Options            | -                | -                | -                | -         | -            | -                 |
| Swaps Interest – Buy          | -                | -                | -                | -         | -            | -                 |
| Swaps Interest – Sell         | -                | -                | -                | -         | -            | -                 |
| <b>Total</b>                  | <b>8,329,169</b> | <b>3,710,826</b> | <b>2,316,254</b> | -         | -            | <b>14,356,249</b> |

| Prior Period                  | Up to 1 month     | 1-3 Months       | 3-12 Months      | 1-5 Years | Over 5 Years | Total             |
|-------------------------------|-------------------|------------------|------------------|-----------|--------------|-------------------|
| Forwards Contracts- Buy       | 2,683,576         | 503,799          | 337,866          | -         | -            | 3,525,241         |
| Forward Contracts – Sell      | 2,690,600         | 494,499          | 341,024          | -         | -            | 3,526,123         |
| Swaps – Buy                   | 3,569,353         | 491,312          | 297,121          | -         | -            | 4,357,786         |
| Swaps – Sell                  | 3,498,278         | 493,661          | 293,749          | -         | -            | 4,285,688         |
| Credit Default Swap – Buy     | -                 | -                | -                | -         | -            | -                 |
| Credit Default Swap – Sell    | -                 | -                | -                | -         | -            | -                 |
| Forward Precious Metal - Buy  | -                 | -                | -                | -         | -            | -                 |
| Forward Precious Metal - Sell | -                 | -                | -                | -         | -            | -                 |
| Money Buy Options             | -                 | -                | -                | -         | -            | -                 |
| Money Sell Options            | -                 | -                | -                | -         | -            | -                 |
| Swaps Interest – Buy          | -                 | -                | -                | -         | -            | -                 |
| Swaps Interest – Sell         | -                 | -                | -                | -         | -            | -                 |
| <b>Total</b>                  | <b>12,441,807</b> | <b>1,983,271</b> | <b>1,269,760</b> | -         | -            | <b>15,694,838</b> |

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### VII. Explanations on leverage ratio

The leverage ratio table prepared in accordance with the communiqué “Regulation on Measurement and Assessment of Leverage Ratios of Banks” published in the Official Gazette no. 28812 dated 5 November 2013 is presented below:

| On-balance sheet assets                                   |  | Current Period (*) | Prior Period (*) |
|---|--|--------------------|------------------|
| 1   | On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals) | 36,403,704         | 20,362,630       |
| 2   | (Assets deducted in determining Tier 1 capital)  |                    | -                |
| 3   | Total on-balance sheet risks (sum of lines 1 and 2)  | 36,403,704         | 20,362,630       |
| Derivative financial instruments and credit derivatives   |  |                    |                  |
| 4   | Replacement cost associated with all derivative instruments and credit derivatives                                   | 95,217             | 71,447           |
| 5   | Add-on amounts for potential future exposure associated with all derivative instruments and credit derivatives       | 124,810            | (14,368)         |
| 6   | Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)                         | 220,027            | 57,079           |
| Securitisation or commodity financing transactions (SCFT) |  |                    |                  |
| 7   | Risks from SCFT assets   | -                  | -                |
| 8   | Risks from brokerage activities related exposures  | -                  | -                |
| 9   | Total risks related with securitisations or commodity financing transactions (sum of lines 7 to 8)                   | -                  | -                |
| Off-balance sheet transactions                            |  |                    |                  |
| 10  | Gross notional amounts of off-balance sheet transactions   | 1,999,261          | 2,514,268        |
| 11  | (Adjustments for conversion to credit equivalent amounts)  |                    | -                |
| 12  | Total risks of off-balance sheet items (sum of lines 10 and 11)  | 1,999,261          | 2,514,268        |
| Capital and total risks                                   |  |                    |                  |
| 13  | Tier 1 capital   | 1,985,694          | 1,412,298        |
| 14  | Total risks (sum of lines 3, 6, 9 and 12)  | 38,622,992         | 22,933,977       |
| Leverage ratio  |  |                    |                  |
| 15  | Leverage ratio   | 5.15               | 6.33             |

(\*) Amounts in the table are three-month average amounts.

#### VIII. Explanations on presentation of financial assets and liabilities at their fair values

|  | Carrying Value    |                   | Fair Value        |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Current Period    | Prior Period      | Current Period    | Prior Period      |
| <b>Financial Assets</b>                      | <b>36,258,453</b> | <b>23,118,675</b> | <b>36,258,453</b> | <b>23,118,675</b> |
| Central Banks                                | 12,271,263        | 5,714,104         | 12,271,263        | 5,714,104         |
| Banks  | 2,704,922         | 2,051,897         | 2,704,922         | 2,051,897         |
| Loans  | 21,282,268        | 15,352,674        | 21,282,268        | 15,352,674        |
| <b>Financial Liabilities</b>                 | <b>34,430,130</b> | <b>21,805,892</b> | <b>34,430,130</b> | <b>21,805,892</b> |
| Banks Deposits                               | 11,321,796        | 8,171,008         | 11,321,796        | 8,171,008         |
| Other Deposits                               | 2,201,068         | 2,554,376         | 2,201,068         | 2,554,376         |
| Borrowings from Other Financial Institutions | 20,900,731        | 11,033,914        | 20,900,731        | 11,033,914        |
| Miscellaneous Payables                       | 2,660             | 41,474            | 2,660             | 41,474            |
| Lease Obligations                            | 3,875             | 5,120             | 3,875             | 5,120             |

#### IX. The classification of fair value measurements

The table below analyzes financial instruments measured at fair value by valuation method. The fair value measurement methods according to levels are:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### IX. The classification of fair value measurements (Continued)

| Current Period                   | Level 1 | Level 2 | Level 3 | Total   |
|----------------------------------|---------|---------|---------|---------|
| <b>Financial Assets</b>          |         |         |         |         |
| Derivative Financial Assets      | -       | 101,495 | -       | 101,495 |
| <b>Financial Liabilities</b>     |         |         |         |         |
| Derivative Financial Liabilities | -       | 46,673  | -       | 46,673  |

| Prior Period                     | Level 1 | Level 2 | Level 3 | Total   |
|----------------------------------|---------|---------|---------|---------|
| <b>Financial Assets</b>          |         |         |         |         |
| Derivative Financial Assets      | -       | 116,680 | -       | 116,680 |
| <b>Financial Liabilities</b>     |         |         |         |         |
| Derivative financial liabilities | -       | 52,938  | -       | 52,938  |

#### X. Explanations on transactions carried out on behalf of customers and fiduciary activities

None (31 December 2022: None).

#### XI. Explanations on risk management

Notes and explanations in this section have been prepared in accordance with the “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” that have been published in Official Gazette no. 29511 on 23 October 2015 also took effect on 31 March 2016.

##### 1. Risk Management Strategy

The Risk Management System was created to systematically manage the risks the Bank is exposed to; The Board of Directors means the Member of the Board of Directors responsible for Internal Systems, the Risk Committee, the Asset-Liability Committee and the Risk Management Department. The Board of Directors owns the Risk Management System at the Bank. It ensures the establishment and continuity of an effective, adequate and appropriate risk management system within the Bank. The main purpose of the Bank's Risk Management System is to define the risks exposed through the policies, implementation procedures and limits determined to monitor, control and, if necessary, change the risk-return structure of the Bank's future cash flows, and accordingly the nature and level of activities. measurement, monitoring and control. Within the scope of the Risk Management System, weekly Asset Liability Committee presentations and monthly Risk Committee presentations are made. In the presentations, reports on the bank's current or potential risks, particularly the Bank's Financial Statements, Profit and Loss Analysis, Credit Risk, Market Risk, Liquidity Risk, Concentration Risk, Interest Rate Risk arising from Banking Accounts and Operational Risk, are shared with the senior management. In order to ensure that policies determined to assess and manage risks the Bank is exposed to, are kept updated, adapted to changing conditions, applied and managed.

The Bank's Risk Management approach, in which the risk management culture is established throughout the Bank and in its subsidiaries, the application principles become widespread, the risks that the bank is exposed to are measured together, the risks are kept within the limits determined in connection with the risk appetite approved by the Board of Directors, legislation, bank approach It is the implementation of an integrated risk management system that is compatible with the policies and the risk-return relationship.

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### XI. Explanations on risk management (Continued)

Necessary procedures have been determined to ensure that the policies determined for the assessment and management of the risks faced by the Bank are kept up-to-date, adapted to changing conditions, implemented and managed. Fulfilling and developing the risk management policies and implementation procedures approved by the Board of Directors, reporting to the Board of Directors on the important risks faced by the Bank, eliminating the risks, deficiencies or errors that arise in these units, or taking the necessary measures and taking the risk It is the responsibility of senior management to participate in the process of setting limits. Risk management activities are structured under the responsibility of the Bank's Board of Directors.

Oversight of enterprise risk management policies and practices; The management of various risks that the Bank may be exposed to, including capital adequacy, planning and liquidity adequacy, is under the responsibility of the Risk Committee, whose members are members of the Board of Directors. Senior management is responsible to the Board of Directors for monitoring and managing the risks within its body. Accordingly, the Internal Audit Department, which carries out the internal audit activities, and the Internal Control and Compliance Department, which carries out the internal control activities, work directly under the Board of Directors through the Risk Committee of the Risk Management Department, which carries out risk management activities.

The Bank aims to understand the importance of risk management in the execution of risk management activities and to ensure risk awareness and sensitivity of all personnel in decision-making and action processes. The Bank measures and monitors the risks it is exposed to in accordance with the legal regulations, by reference to methods that comply with international standards. Risk measurements and reporting are made through standard and advanced methods, risk management software and internally developed models. In order to be used in the management of important risks, determining strategies and taking decisions, detailed reports are prepared on the basis of risk. In this context, periodic and non-periodic reports are made to the Board of Directors, relevant committees and senior management.

It is the ultimate responsibility of the senior management to apply and improve risk management strategies, policies and procedures that are approved by the board of directors, inform the board of directors about the important risks the Bank is exposed to, assess internal control, internal audit and risk reports with regard to the Banks' departments and to eliminate the risks, deficiencies or defects identified in these departments or to take the necessary precautionary actions to prevent those risks, deficiencies and defects and participate in the determination of risk limits.

Risk management activities are structured under the responsibility of the board of directors. The Risk Committee composed of the members of the board is responsible to oversee the Bank's risk management policies and practices, including the alignment with its strategic objectives and management's ability to assess and manage the various risks present in its activities including capital adequacy and planning and liquidity adequacy, as well as all other risk management functions envisioned under the applicable laws and regulations. Upper level management is responsible to the board of directors for the monitoring and management of risks that their departments are exposed to. Accordingly, the Risk Management Department, which performs risk management functions, reports to the board of directors via the Risk Committee, whereas the Internal Audit Department, performing internal audit functions, and the Internal Control and Compliance Department, performing internal control functions, report directly to the board of directors.

The Bank claims the importance of risk management for maintaining business operations is understood and risk awareness and sensitivity is ensured in decision making and implementation mechanisms process by all employees for risk management activities.

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### XI. Explanations on risk management (Continued)

The Bank measures and monitors risks exposed, by considering methods in line with international standards being in compliance with legislation. Risk measurement and reporting are performed via advanced methods, risk management software, and internal models. Risk based detailed reports are prepared for management of significant risks, in order to determine strategies and take decisions, in this respect, periodic and non-periodic reports are prepared for board of directors, relevant committees and senior management.

The Bank's risk framework determines the risk level that the board of directors is prepared to accept in order to accomplish the goals and strategies with due consideration to the capacity of the institution to safely absorb those risks and risk based limits are regularly monitored. Risks that the Bank is exposed, is managed by providing an effective control environment and monitoring limits.

The Risk Management conducts the implementation of an internal capital adequacy assessment report to be sent to the BRSA, by coordinating relevant parties. Stress test report is sent to the BRSA, which evaluates how adverse effects on macroeconomic parameters, in the scope of determined scenarios, affect the Bank's 3 budget plan and results, and certain ratios, including capital adequacy.

Training programs for employees, risk reports to the board of directors, senior management and committees, risk appetite framework established by the Bank and internal capital adequacy assessment process generate significant inputs to ensure that risk management culture is widely embraced.

#### 2. Risk weighted amounts

|    |   | Risk Weighted Amounts |                  | Minimum Capital Requirements |
|----|---|-----------------------|------------------|------------------------------|
|    |   | Current Period        | Prior Period     | Current Period               |
| 1  | Credit risk (excluding counterparty credit risk) (CCR) <sup>(1)</sup>                 | 9,630,910             | 6,145,964        | 770,473                      |
| 2  | Of which standardized approach (SA)   | 9,630,910             | 6,145,964        | 770,473                      |
| 3  | Of which internal rating-based (IRB) approach   | -                     | -                | -                            |
| 4  | Counterparty credit risk  | 267,641               | 111,619          | 21,411                       |
| 5  | Of which standardized approach for counterparty credit risk (SA-CCR)                  | 267,641               | 111,619          | 21,411                       |
| 6  | Of which internal model method (IMM)  | -                     | -                | -                            |
| 7  | Equity position in banking book under basic risk weighting or internal rating-based   | -                     | -                | -                            |
| 8  | Equity investments in funds – look-through approach                                   | -                     | -                | -                            |
| 9  | Equity investments in funds – mandate-based approach                                  | -                     | -                | -                            |
| 10 | Equity investments in funds – 1250% risk weighting Approach                           | -                     | -                | -                            |
| 11 | Settlement risk   | -                     | -                | -                            |
| 12 | Securitisation exposures in banking book  | -                     | -                | -                            |
| 13 | Of which IRB ratings-based approach (RBA)   | -                     | -                | -                            |
| 14 | Of which IRB supervisory formula approach (SFA)                                       | -                     | -                | -                            |
| 15 | Of which SA/simplified supervisory formula approach (SSFA)                            | -                     | -                | -                            |
| 16 | Market risk   | 417,507               | 162,896          | 33,401                       |
| 17 | Of which standardized approach (SA)   | 417,507               | 162,896          | 33,401                       |
| 18 | Of which internal model approaches (IMM)  | -                     | -                | -                            |
| 19 | Operational risk  | 752,282               | 619,561          | 60,183                       |
| 20 | Of which basic indicator approach   | 752,282               | 619,561          | 60,183                       |
| 21 | Of which standardized approach  | -                     | -                | -                            |
| 22 | Of which advanced measurement approach  | -                     | -                | -                            |
| 23 | Amounts below the thresholds for deduction from capital (subject to 250% risk weight) | -                     | -                | -                            |
| 24 | Floor adjustment  | -                     | -                | -                            |
| 25 | <b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>   | <b>11,068,341</b>     | <b>7,040,040</b> | <b>885,468</b>               |



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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### XI. Explanations on risk management (Continued)

##### 3. Linkages between financial statements and risk amounts

##### 3.1 Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

|   | Carrying values in financial statements prepared as per TAS | Carrying values of items in accordance with Turkish Accounting Standards |                                     |                            |  |
|---|---|--|-------------------------------------|----------------------------|--|
|   |   | Subject to credit risk   | Subject to counterparty credit risk | Subject to market risk (*) | Not subject to capital requirements or subject to deduction from capital |
| <b>Assets</b>   |   |  |                                     |                            |  |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances With Central Bank of Turkey | 12,271,263  | 12,271,263   | -                                   | -                          | -  |
| Financial Assets Held for Trading   | 101,495   | 101,495  | 101,495                             | 101,495                    | -  |
| Financial Assets at Fair Value Through Profit or Loss   | -   | -  | -                                   | -                          | -  |
| Banks   | 2,704,922   | 2,704,922  | -                                   | 1,907,418                  | -  |
| Interbank Money Markets Placements  | -   | -  | -                                   | -                          | -  |
| Financial Assets Available-for-Sale   | -   | -  | -                                   | -                          | -  |
| Loans and Receivables   | 21,282,268  | 21,282,268   | -                                   | 19,157,473                 | -  |
| Factoring Receivables   | -   | -  | -                                   | -                          | -  |
| Investment Held-to-Maturity   | -   | -  | -                                   | -                          | -  |
| Investment in Associates  | -   | -  | -                                   | -                          | -  |
| Investment in Subsidiaries  | -   | -  | -                                   | -                          | -  |
| Investment in Joint-Ventures  | -   | -  | -                                   | -                          | -  |
| Lease Receivables   | -   | -  | -                                   | -                          | -  |
| Derivative Financial Assets Held for Risk Management  | -   | -  | -                                   | -                          | -  |
| Tangible Assets   | 9,696   | 7,647  | -                                   | -                          | -  |
| Intangible Assets   | 8,256   | 8,256  | -                                   | -                          | -  |
| Investment Property   | -   | -  | -                                   | -                          | -  |
| Tax Asset   | 41,213  | -  | -                                   | -                          | -  |
| Assets Held for Sale and Assets of Discontinued Operations  | -   | -  | -                                   | -                          | -  |
| Other Assets  | 216,071   | 216,071  | -                                   | -                          | -  |
| <b>Total Assets</b>   | <b>36,635,184</b>   | <b>36,591,922</b>  | <b>101,495</b>                      | <b>21,166,386</b>          | <b>-</b>   |
| <b>Liabilities</b>  |   |  |                                     |                            |  |
| Deposits  | 13,522,864  | -  | -                                   | 13,522,864                 | -  |
| Derivative Financial Liabilities Held for Trading   | 46,673  | -  | -                                   | 46,673                     | -  |
| Funds Borrowed  | 20,900,731  | -  | -                                   | 20,900,731                 | -  |
| Interbank Money Markets   | -   | -  | -                                   | -                          | -  |
| Securities Issued   | -   | -  | -                                   | -                          | -  |
| Funds   | -   | -  | -                                   | -                          | -  |
| Miscellaneous Payables  | -   | -  | -                                   | -                          | -  |
| Other External Fundings Payable   | 36,153  | -  | -                                   | 36,153                     | -  |
| Factoring Payables  | -   | -  | -                                   | -                          | -  |
| Lease Payables  | 3,875   | -  | -                                   | 3,875                      | -  |
| Derivative Financial Liabilities Held for Risk Management   | -   | -  | -                                   | -                          | -  |
| Provisions  | 44,791  | -  | -                                   | 44,791                     | -  |
| Tax Liability   | 72,034  | -  | -                                   | 72,034                     | -  |
| Liabilities for Assets Held for Sale and Assets of Discontinued Operations                        | -   | -  | -                                   | -                          | -  |
| Subordinated Debts  | -   | -  | -                                   | -                          | -  |
| Shareholders' Equity  | 2,008,063   | -  | -                                   | 2,008,063                  | -  |
| <b>Total Liabilities</b>  | <b>36,635,184</b>   | <b>-</b>   | <b>-</b>                            | <b>36,635,184</b>          | <b>-</b>   |

##### 3.2 Major items causing differences between assets and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

|    |  | Total      | Subject to credit risk | Subject to counterparty credit risk | Subject to market risk (*) |
|----|--|------------|------------------------|-------------------------------------|----------------------------|
| 1  | Carrying Value of Assets in Accordance with Communiqué "Preparation of Financial Statements" | 36,635,184 | 36,591,922             | 101,495                             | 21,166,386                 |
| 2  | Carrying Value of Debt Instruments that are Subjected to Counterparty Credit Risk as per TAS | -          | -                      | -                                   | -                          |
| 3  | Carrying Value of Liabilities that are Subjected to Counterparty Credit Risk as per TAS      | 36,635,184 | -                      | -                                   | 36,635,184                 |
| 4  | Carrying Value of Other Liabilities as per TAS   | -          | -                      | -                                   | -                          |
| 5  | <b>Total Net Amount</b>  | <b>-</b>   | <b>-</b>               | <b>-</b>                            | <b>-</b>                   |
| 6  | Off-balance Sheet Amounts (**)   | -          | 36,591,922             | 101,495                             | (15,468,798)               |
| 7  | Differences Resulted from the BRSA's Applications  | -          | -                      | -                                   | -                          |
| 8  | Credit Valuation Adjustment  | -          | -                      | -                                   | -                          |
| 9  | Repurchase Transactions  | -          | -                      | -                                   | -                          |
| 10 | <b>Risk Amounts</b>  | <b>-</b>   | <b>-</b>               | <b>-</b>                            | <b>-</b>                   |

(\*) Disclosed based on gross position amounts subject to general market risk and specific risk.

(\*\*) Off-balance sheet amounts subject to capital adequacy ratios.

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### XI. Explanations on risk management (Continued)

##### 3. Linkages between financial statements and risk amounts (Continued)

##### 3.3 Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities in accordance with TAS

There are no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

##### 4. Credit Risk

##### 4.1. General information on credit risk

##### 4.1.1. General qualitative information on credit risk

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set.

In accordance with the regulation, credit risk limits are allocated in line with regulations according to financial position and needs of credit customers under the authorized limits of the General Manager, Credit Committee and Board of Directors. If it is required the aforementioned limits can be changed by the Bank.

The Bank keeps track of the loans of customers and other receivables in terms of the creditworthiness with respect to the relevant legislation. Additionally, the status of accounts for new loans are checked and updated if needed. In accordance with relevant legislation, the Bank follows the risk limits on the basis of the debtor and the debtor group.

The Bank uses a credit rating system to measure and evaluate the credit risk effectively. This is a mandatory step for all loan applications. The credit rating system assesses the total credit risk of each customer. The Bank evaluates the collaterals obtained for the reduction of credit risk when initially obtaining the collaterals and subsequently at least once every year taking into consideration the results of the risk rating system.

The Bank manages and monitors its credit risk until the loan repayment is completed, related loan is canceled or derecognized. The Bank has limits to control the positions of derivatives and other similar contracts and these limits are monitored daily.

##### 4.1.2. Credit quality of assets

|   |                             | Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS) |                         | Allowances/amortisation and impairments | Net values        |
|---|-----------------------------|---|-------------------------|---|-------------------|
|   |                             | Defaulted   | Non-defaulted exposures |   |                   |
| 1 | Loans                       | -   | 24,088,685              | 156,059                                 | 23,932,626        |
| 2 | Debt securities             | -   | -                       | -                                       | -                 |
| 3 | Off-balance sheet exposures | -   | 2,239,739               | 9,843                                   | 2,229,896         |
| 4 | <b>Total</b>                | -   | <b>26,328,424</b>       | <b>165,902</b>                          | <b>26,162,522</b> |

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### XI. Explanations on risk management (Continued)

##### 4. Credit Risk (Continued)

###### 4.1.3. Changes in the stock of default loans and debt securities

None.

###### 4.1.4. Additional information on credit quality of assets

Breakdown according to maturity:

| 31 December<br>2022 | Demands | Up to<br>1<br>Month | 1-3<br>Months | 3-12 Months | 1-5 Years | 5 Years<br>and Over | Total      |
|---------------------|---------|---------------------|---------------|-------------|-----------|---------------------|------------|
| Loans               |         | 560,129             | 4,714,984     | 14,092,846  | 1,645,053 | 269,256             | 21,282,268 |

Breakdown of restructured receivables based on whether or not provisions are allocated:

#### 31 December 2022

|  |           |
|--|-----------|
| Loans Structured from Standard Loans and Other Receivables | 1,443,666 |
| Loans Composed of Follow-up Loans and Other Receivables    | -         |
| Loans Restructured from Non-Performing Loans               | -         |

#### Aging analysis of accounting past-due exposures

The Bank has no past-due exposures.

#### 4.2. Credit risk mitigation techniques

##### 4.2.1. Qualitative disclosure on credit risk mitigation techniques

The Bank assesses the cash flow of the activity or investment subject to credit as the primary repayment source during the credit assignment process.

The value of the collateral that is calculated depends on the margins determined according to market and currency risks. Standard margins applied throughout the Bank are specific to the type of the collateral and changes according to the type, maturity and currency of the collateral.

If the assignment of the credit is based on a collateral, the relevant data of the collaterals must be entered into the Banking information system. These transactions are handled by the centralized Operation Department.

The Bank monitors the up-to-date values of the collaterals by type. Credit monitoring process involves the control of the balance between the value of the collateral and the risk besides the creditworthiness of the customer.

The Bank's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Bank applies credit risk mitigation according to the comprehensive financial collateral method that includes risk mitigation calculations based on the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remain unprotected after the use of credit risk mitigation techniques. Cash or cash equivalents or borrowing instruments that have a high credit quality are used in credit risk mitigation.

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### XI. Explanations on risk management (Continued)

##### 4. Credit Risk (Continued)

##### 4.2.2. Credit risk mitigation techniques

|   |                    | Exposures unsecured: carrying amount as per TAS | Exposures secured by collateral | Collateralized amount of exposures secured by collateral | Exposures secured by financial guarantees | Collateralized amount of exposures secured by financial guarantees | Exposures secured by credit derivatives | Collateralized amount of exposures secured by credit derivatives |
|---|--------------------|---|---------------------------------|--|---|--|---|--|
| 1 | Loans              | 11,550,493                                      | 9,731,775                       | 7,962,541  | -   | -  | -                                       | -  |
| 2 | Debt securities    | -   | -                               | -  | -   | -  | -                                       | -  |
| 3 | <b>Total</b>       | <b>11,550,493</b>                               | <b>9,731,775</b>                | <b>7,962,541</b>   | -   | -  | -                                       | -  |
| 4 | Of which defaulted | -   | -                               | -  | -   | -  | -                                       | -  |

##### 4.3 Credit risk under standardized approach

##### 4.3.1. Credit risk exposure and credit risk mitigation techniques

|    | Risk classes   | Exposures before CCF and CRM |                          | Exposures post-CCF and CRM |                          | RWA and RWA density |               |
|----|--|------------------------------|--------------------------|----------------------------|--------------------------|---------------------|---------------|
|    |  | On-balance sheet amount      | Off-balance sheet amount | On-balance sheet amount    | Off-balance sheet amount | RWA                 | RWA density   |
| 1  | Exposures to sovereigns and their central banks                | 9,243,022                    | -                        | 9,248,295                  | -                        | 4,550               | 0.05%         |
| 2  | Exposures to regional and local governments                    | -                            | -                        | -                          | -                        | -                   | -             |
| 3  | Exposures to administrative bodies and non-commercial entities | -                            | -                        | -                          | -                        | -                   | -             |
| 4  | Exposures to multilateral development banks                    | -                            | -                        | -                          | -                        | -                   | -             |
| 5  | Exposures to international organizations                       | -                            | -                        | -                          | -                        | -                   | -             |
| 6  | Exposures to banks and brokerage houses                        | 6,174,257                    | 670,405                  | 5,074,258                  | 326,877                  | 2,616,288           | 48.44%        |
| 7  | Exposures to corporates  | 12,206,367                   | 1,430,976                | 5,661,087                  | 695,294                  | 7,023,916           | 110.50%       |
| 8  | Retail exposures   | -                            | -                        | -                          | -                        | -                   | -             |
| 9  | Exposures secured by residential property                      | -                            | -                        | -                          | -                        | -                   | -             |
| 10 | Exposures secured by commercial property                       | -                            | -                        | -                          | -                        | -                   | -             |
| 11 | Past-due items   | -                            | -                        | -                          | -                        | -                   | -             |
| 12 | Exposures in high-risk categories                              | -                            | -                        | -                          | -                        | -                   | -             |
| 13 | Exposures in the form of bonds secured by mortgages            | -                            | -                        | -                          | -                        | -                   | -             |
| 14 | Short term exposures to banks, brokerage houses and corporates | -                            | -                        | -                          | -                        | -                   | -             |
| 15 | Exposures in the form of collective investment undertakings    | -                            | -                        | -                          | -                        | -                   | -             |
| 16 | Other exposures  | 242,135                      | -                        | 242,135                    | -                        | 242,135             | 100.00%       |
| 17 | Equity share investments                                       | -                            | -                        | -                          | -                        | -                   | -             |
| 18 | <b>Total</b>   | <b>27,865,781</b>            | <b>2,101,381</b>         | <b>20,225,775</b>          | <b>1,022,171</b>         | <b>9,886,889</b>    | <b>46.53%</b> |

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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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#### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

##### XI. Explanations on risk management (Continued)

##### 4.3 Credit risk under standardized approach (Continued)

##### 4.3.2. Exposures by asset classes and risk weights

|    | Regulatory portfolio   | 0%               | 10%      | 20%            | 35% secured by property mortgage | 50%              | 75%      | 100%             | 150%     | 200%           | Others         | Total risk amount (post-CCF and CRM) |
|----|--|------------------|----------|----------------|----------------------------------|------------------|----------|------------------|----------|----------------|----------------|--------------------------------------|
| 1  | Exposures to sovereigns and their central banks                | 9,020,770        | -        | -              | -                                | -                | -        | -                | -        | -              | 227,525        | 9,248,295                            |
| 2  | Exposures to regional and local government entities            | -                | -        | -              | -                                | -                | -        | -                | -        | -              | -              | -                                    |
| 3  | Exposures to administrative bodies and non-commercial entities | -                | -        | -              | -                                | -                | -        | -                | -        | -              | -              | -                                    |
| 4  | Exposures to multilateral development banks                    | -                | -        | -              | -                                | -                | -        | -                | -        | -              | -              | -                                    |
| 5  | Exposures to international organizations                       | -                | -        | -              | -                                | -                | -        | -                | -        | -              | -              | -                                    |
| 6  | Exposures to banks and brokerage houses                        | -                | 288,630  | -              | -                                | 5,107,886        | -        | 4,619            | -        | -              | -              | 5,401,135                            |
| 7  | Exposures to corporates  | -                | -        | -              | -                                | -                | -        | 5,688,846        | -        | 667,535        | -              | 6,356,381                            |
| 8  | Retail exposures   | -                | -        | -              | -                                | -                | -        | -                | -        | -              | -              | -                                    |
| 9  | Exposures secured by residential property                      | -                | -        | -              | -                                | -                | -        | -                | -        | -              | -              | -                                    |
| 10 | Exposures secured by commercial property                       | -                | -        | -              | -                                | -                | -        | -                | -        | -              | -              | -                                    |
| 11 | Past-due items   | -                | -        | -              | -                                | -                | -        | -                | -        | -              | -              | -                                    |
| 12 | Exposures in high-risk categories                              | -                | -        | -              | -                                | -                | -        | -                | -        | -              | -              | -                                    |
| 13 | Exposures in the form of bonds secured by mortgages            | -                | -        | -              | -                                | -                | -        | -                | -        | -              | -              | -                                    |
| 14 | Short term exposures to banks, brokerage houses and corporates | -                | -        | -              | -                                | -                | -        | -                | -        | -              | -              | -                                    |
| 15 | Exposures in the form of collective investment undertakings    | -                | -        | -              | -                                | -                | -        | -                | -        | -              | -              | -                                    |
| 16 | Equity share investments                                       | -                | -        | -              | -                                | -                | -        | -                | -        | -              | -              | -                                    |
| 17 | Other exposures  | -                | -        | -              | -                                | -                | -        | 242,135          | -        | -              | -              | 242,135                              |
| 18 | <b>Total</b>   | <b>9,020,770</b> | <b>-</b> | <b>288,630</b> | <b>-</b>                         | <b>5,107,886</b> | <b>-</b> | <b>5,935,600</b> | <b>-</b> | <b>667,535</b> | <b>227,525</b> | <b>21,247,946</b>                    |

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### XI. Explanations on risk management (Continued)

#### 5. Explanations on counterparty credit risk (CCR)

##### 5.1. Qualitative disclosure on counterparty credit risk

Counterparty credit risk management policies include evaluating and monitoring risk developments, taking necessary preventative measures, establishing risk limits, ensuring that the risks remain within the limits, and establishing required reporting, control and audit mechanisms by using the methods aligned with both international standards and local regulations. The policies regarding counterparty credit risk measurement, monitoring, and limits are defined by the Board of Directors.

Counterparty credit risk arising from derivative transactions is periodically being monitored and reported by the Risk Department based on product, country, counterparty and counterparty type.

##### 5.2. Counterparty credit risk (CCR) approach analysis

|   |  | Replacement cost | Potential future exposure | EEPE(Effective Expected Positive Exposure) | Alpha used for computing regulatory EAD | EAD post-CRM | RWA            |
|---|--|------------------|---------------------------|--|---|--------------|----------------|
| 1 | Standardised Approach -CCR (for derivatives)   | 322,535          | -                         | -  | 1.40                                    | 322,535      | 267,641        |
| 2 | Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)                             |                  |                           |  |   |              |                |
| 3 | Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)        |                  |                           |  |   |              |                |
| 4 | Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions) |                  |                           |  |   |              |                |
| 5 | Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions                                 |                  |                           |  |   |              |                |
| 6 | <b>Total</b>   |                  |                           |  |   |              | <b>267,641</b> |

##### 5.3 Capital requirement for credit valuation adjustment (CVA)

|   |   | EAD post-CRM   | RWA            |
|---|---|----------------|----------------|
|   | Total portfolios subject to the Advanced CVA capital obligation   | -              | -              |
| 1 | (i) VaR component (including the 3×multiplier)                    |                | -              |
| 2 | (ii) Stressed VaR component (including the 3×multiplier)          |                | -              |
| 3 | All portfolios subject to the Standardized CVA capital obligation | 321,487        | 267,620        |
| 4 | <b>Total subject to the CVA capital obligation</b>                | <b>321,487</b> | <b>267,620</b> |

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### XI. Explanations on risk management (Continued)

##### 5. Explanations on counterparty credit risk (CCR) (Continued)

##### 5.4 CCR exposures by risk class and risk weights

| Risk weight  | 0%           | 10%      | 20%          | 50%           | 75%      | 100%           | 150%     | Other        | Total credit exposure |
|--|--------------|----------|--------------|---------------|----------|----------------|----------|--------------|-----------------------|
| <b>Regulatory portfolio</b>                                    |              |          |              |               |          |                |          |              |                       |
| Exposures to sovereigns and their central banks                | 4,226        | -        | -            | -             | -        | -              | -        | 1,047        | 5,273                 |
| Exposures to regional and local governments                    | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Exposures to administrative bodies and non-commercial entities | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Exposures to multilateral development banks                    | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Exposures to international organizations                       | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Exposures to banks and brokerage houses                        | -            | -        | 5,674        | 90,203        | -        | -              | -        | -            | 95,877                |
| Exposures to corporates  | -            | -        | -            | -             | -        | 221,384        | -        | -            | 221,384               |
| Retail exposures   | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Exposures secured by residential property                      | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Exposures secured by commercial property                       | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Past-due items   | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Exposures in high-risk categories                              | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Exposures in the form of bonds secured by mortgages            | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Short term exposures to banks, brokerage houses and corporates | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Exposures in the form of collective investment undertakings    | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Equity share investments                                       | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Other exposures  | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| Other assets   | -            | -        | -            | -             | -        | -              | -        | -            | -                     |
| <b>Total</b>   | <b>4,226</b> | <b>-</b> | <b>5,674</b> | <b>90,203</b> | <b>-</b> | <b>221,384</b> | <b>-</b> | <b>1,047</b> | <b>322,534</b>        |

##### 5.5 Collaterals for CCR

None.

##### 5.6, Credit derivatives

None.

##### 6. Securitisations

None.

##### 7. Market risk

##### 7.1. Qualitative disclosure on market risk

In order to comply with the regulations, the Bank has regulated its market risk management activities within the framework of the Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process published in the Official Gazette dated 11 July 2014 and numbered 29057.

The Bank's market risk management activities cover the measurement of the risks it is exposed to due to price, interest and exchange rate fluctuations in the financial markets. In this context, risk measurements and daily limit controls are carried out, taking into account the limits set in the market risk-trading account policy. The Treasury, Risk Committee, Assets and Liabilities Committee and the Bank's senior management are informed about the control results. In 2022, the capital requirement is calculated for interest rate, currency risk and counterparty risk.

2022 Within the scope of the Bank's activities in 2022, there was no capital requirement due to the absence of a position that would require calculations for stock, commodity and swap risk. The Bank reviews the market risk stress tests at year-ends. Stress tests are applied at specified periods throughout the year and reported to the BRSA as of the end of the year.

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### XI. Explanations on risk management (Continued)

##### 7. Market risk (Continued)

Market risk management activities in the Bank, includes the measurement of risks due to price, interest and exchange rate fluctuations in the financial market. In this context, risk measurement and limit checks on a daily basis are performed taking into account the limits specified in the market risk- trading book policy. The Risk Committee, Asset-Liability-Committee and the top management of the Bank are informed about the results of the controls.

In 2022, the Bank calculated capital requirements for interest rate risk, currency risk and counterparty risk. In 2021 and within the scope of the Bank's activities, no capital requirements arised from equity, commodity, swap risks due to no positions existing that required any calculation for these risks. The Bank reviews its stress tests by the end of year. Stress tests are applied in the predetermined frequencies during the year and reported to the BRSA as of the year end.

##### 7.2. Standardized approach

|                          |   | <i>RWA</i>            |                     |
|--------------------------|---|-----------------------|---------------------|
|                          |   | <b>Current Period</b> | <b>Prior Period</b> |
| <b>Outright products</b> |   | <b>417,508</b>        | <b>162,896</b>      |
| 1                        | Interest rate risk (general and specific) | 46,977                | 13,325              |
| 2                        | Equity risk (general and specific)        | -                     | -                   |
| 3                        | Foreign exchange risk                     | 370,531               | 149,571             |
| 4                        | Commodity risk                            | -                     | -                   |
| <b>Options</b>           |   | -                     | -                   |
| 5                        | Simplified approach                       | -                     | -                   |
| 6                        | Delta-plus method                         | -                     | -                   |
| 7                        | Scenario approach                         | -                     | -                   |
| <b>8</b>                 | <b>Securitisation</b>                     | -                     | -                   |
| <b>9</b>                 | <b>Total</b>                              | <b>417,508</b>        | <b>162,896</b>      |

##### 8. Operational Risk

| <b>Current Period</b>                         | <b>31 December 2019</b> | <b>31 December 2021</b> | <b>31 December 2022</b> | <b>Total/ No. of Years of Positive Gross Income</b> | <b>Rate (%)</b> | <b>Total</b> |
|---|-------------------------|-------------------------|-------------------------|---|-----------------|--------------|
| <b>Gross Income</b>                           | 367,659                 | 307,646                 | 528,346                 | 3   | 15%             | 60,183       |
| <b>Value at Operational Risk (Total*12.5)</b> | -                       | -                       | -                       | -   | -               | 752,282      |

| <b>Prior Period</b>                           | <b>31 December 2019</b> | <b>31 December 2020</b> | <b>31 December 2021</b> | <b>Total/ No. of Years of Positive Gross Income</b> | <b>Rate (%)</b> | <b>Total</b> |
|---|-------------------------|-------------------------|-------------------------|---|-----------------|--------------|
| <b>Gross Income</b>                           | 315,992                 | 367,659                 | 307,646                 | 3   | 15%             | 49,565       |
| <b>Value at Operational Risk (Total*12.5)</b> | -                       | -                       | -                       | -   | -               | 619,561      |



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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### XI. Explanations on risk management (Continued)

##### 9. Banking book interest rate risk

The interest rate risk describes the negative position in the Bank's financial structure resulting from negative movements in interest rates. Changes in interest rates influence the Bank's earnings by changing the level of net interest income, other interest sensitive income and net operating expenses. In the same manner, relating to assets, liabilities and off-balance sheet items and their economic values of future cash flows (in some cases the cash flows themselves) are affected by interest rate changes.

#### XII. Explanations on segment reporting

The Bank operations are mainly in corporate banking and treasury.

|   | Corporate Banking  | Treasury          | Unallocated (*)  | Total             |
|---|--------------------|-------------------|------------------|-------------------|
| <b>Current Period (1 January -31 December 2022)</b> |                    |                   |                  |                   |
| Profit before tax                                   | 996,035            | 98,992            | (365,289)        | 729,738           |
| Provision for taxes                                 |                    |                   | (182,667)        | (182,667)         |
| <b>Net Profit</b>                                   | <b>996,035</b>     | <b>98,992</b>     | <b>(547,956)</b> | <b>547,071</b>    |
| <b>Current Period (31 December 2022)</b>            |                    |                   |                  |                   |
| Segment Assets                                      | 21.126.817         | 15.075.659        | -                | 36.202.476        |
| Unallocated Assets                                  | -                  | -                 | 432.708          | 432.708           |
| <b>Total Assets</b>                                 | <b>21.2126.817</b> | <b>15.075.659</b> | <b>432.708</b>   | <b>36.635.184</b> |
| Segment Liabilities                                 | 13.522.864         | 20.947.404        | -                | 34.470.268        |
| Unallocated Liabilities                             | -                  | -                 | 2.164.916        | 2.164.916         |
| <b>Total Liabilities</b>                            | <b>13.522.864</b>  | <b>20.947.404</b> | <b>2.164.916</b> | <b>36.635.184</b> |

|   | Corporate Banking | Treasury          | Unallocated (*)  | Total             |
|---|-------------------|-------------------|------------------|-------------------|
| <b>Current Period (1 January -31 December 2021)</b> |                   |                   |                  |                   |
| Profit before tax                                   | 432,033           | 84,790            | (123,260)        | 393,563           |
| Provision for taxes                                 | -                 | -                 | (96,022)         | (96,022)          |
| <b>Net Profit</b>                                   | <b>432,033</b>    | <b>84,790</b>     | <b>(219,282)</b> | <b>297,541</b>    |
| <b>Current Period (31 December 2021)</b>            |                   |                   |                  |                   |
| Segment Assets                                      | 15,287,256        | 7,881,632         | -                | 23,168,888        |
| Unallocated Assets                                  | -                 | -                 | 216,545          | 216,545           |
| <b>Total Assets</b>                                 | <b>15,287,256</b> | <b>7,881,632</b>  | <b>216,545</b>   | <b>23,385,433</b> |
| Segment Liabilities                                 | 10,725,384        | 11,086,852        | -                | 21,812,236        |
| Unallocated Liabilities                             | -                 | -                 | 1,573,197        | 1,573,197         |
| <b>Total Liabilities</b>                            | <b>10,725,384</b> | <b>11,086,852</b> | <b>1,573,197</b> | <b>23,385,433</b> |

(\*) Income, expenses, assets and liabilities that could not be properly allocated to segments.

#### XIII. Explanations on Remuneration Policy

##### Purpose, structure and working principles of the committee

The Remuneration Committee oversees remuneration policies, processes and applications on behalf of the Board of Directors to ensure an independent and efficient remuneration structure.

The Remuneration Committee is composed of at least two non-executive Board members who have adequate knowledge and experience on internal systems and remuneration policies as a whole.

The Committee shall meet at least once a year, more frequently when necessary, and shall report their activities to the Board of Directors annually.

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### XIII. Explanations on Remuneration Policy (Continued)

The Remuneration Policy enables the Bank to attract and retain talent to support the Bank achieving strategic targets and assures they are rewarded according to performances.

Fundamental principles of the Remuneration Policy are stated with a view to manage remuneration of all members of staff effectively.

Policies and procedures on remuneration are transparent and available to access of all and transparent, as well as set in writing employees.

In line with the principle of proration, the Bank Remuneration Policy is compatible with the complexity of the bank's operations, as well as its risk profile, and risk appetite and strategies.

Remuneration is fair across genders, ethnicities, religions or other belief systems, sexual orientations, disabilities, and age groups.

In order to prevent excessively individualistic attitude, the bonus policy applied for Key Employees should be set with an eye for the positive and negative results of the risk assumed, and to constitute a combination of the Key Employee's individual performance, the final performance of the bank, as well as the performance of the department the Key Employee belongs to. Both financial and non-financial criteria are carefully examined while assessing individual performance of Key Employees.

Furthermore, the overall compensation package of each individual employee seeks a balance of fixed and variable components. The portion of fixed components should be high enough to secure a comfortable income in cases of very low or zero variable pay. This is 14 as of the end of 2021.

#### Basic Principles – Base salary Policy

The base pay is the main component of the Bank remuneration scheme. Base pay is defined as the base salary of an employee granted with the employment contract of the employee. The Bank's remuneration philosophy aims to provide all employees with an internally fair and externally competitive base salary. This means:

- Base pay of an employee should be compatible with those of other peers in the Bank. This means, the committee reviews any imbalance or unfair compensation within the organization, and base pay depends primarily on the qualifications and experiences of the incumbent, and the requirements of the role).
- Positioning of the role in the peer market where the Bank operates is also considered while determining base pay for each individual employee.
- Opportunity to discuss his/her own compensation is secured for all employees via this policy.
- The Bank supports horizontal and vertical career development opportunities within the organization

Within the framework of this Remuneration Policy, a single methodology applies to govern compensation of all employees of which all remuneration reviews are based while being approved by the Remuneration Committee.

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### XIII. Explanations on Remuneration Policy (Continued)

According to this methodology, all employees are paid according to their organizational grading and salary categories; for each individual, the overall compensation review shall depend on the following regardless of any performance criteria:

- ✓ The level of the role.
- ✓ It's positioning within the remuneration scheme.
- ✓ "Talent" status

#### Basic Principles – Variable Payment Policy and Benefits

Variable pay refers to monetary payments and allowances payments added on top of the base pay, with a view to rewarding the employee based on performance, should he/she achieve certain objectives. The Bank's Annual Bonus Plan is the primary element regarding the implementation of a performance based variable pay scheme.

With a view to enabling the assessment of risks and results a performance-related matter leads to with respect to the bank, as well as on a contractual basis, variable pay might be extended in a subsequent period, after the earning period. Such variable pay figures shall be labeled as deferred variable pay. Furthermore, the bank can engage in variable pay cancellation and revocation agreements, taking into account the effect of the procedures on the bank's overall performance in subsequent periods.

In addition to the base and variable compensation items, the Bank provides certain monetary and non-monetary benefits such as commuting allowance, private health plan, life coverage, company car entitlement, special discounts, mobile phones, etc. The Bank reserves the right to revise or revoke the employee benefits at its sole discretion.

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### SECTION FIVE

#### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

#### I. Explanations and disclosures related to assets

##### 1. Information on cash and balances with the Central Bank of Turkey

|  | Current Period |                   | Prior Period  |                  |
|--|----------------|-------------------|---------------|------------------|
|  | TRY            | FC                | TRY           | FC               |
| Cash in TRY /Foreign Currency            | -              | -                 | -             | -                |
| Balances with the Central Bank of Turkey | 32,720         | 12,238,543        | 56,417        | 5,657,687        |
| Other                                    | -              | -                 | -             | -                |
| <b>Total</b>                             | <b>32,720</b>  | <b>12,238,543</b> | <b>56,417</b> | <b>5,657,687</b> |

##### 1.1 Information related to the account of the Central Bank of Turkey

|                              | Current Period |                   | Prior Period  |                  |
|------------------------------|----------------|-------------------|---------------|------------------|
|                              | TRY            | FC                | TRY           | FC               |
| Unrestricted Demand Deposits | 32,720         | 550,252           | 56,417        | 98,889           |
| Unrestricted Time Deposits   | -              | 1,794,764         | -             | 1,357,803        |
| Restricted Time Deposits     | -              | 9,893,527         | -             | 4,200,995        |
| <b>Total</b>                 | <b>32,720</b>  | <b>12,238,543</b> | <b>56,417</b> | <b>5,657,687</b> |

As of 31 December 2022, the applicable rates for required reserves established at the CBRT are between 3% and 8% in Turkish currency, depending on the maturity structure (31 December 2021: 3% - 8%); in foreign currency, it is between 5% and 26% according to the maturity structure (31 December 2021: 5% - 26%). Within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" numbered 2021/14, practices regarding the establishment of additional required reserves and payment of commissions according to the conversion rate to foreign currency deposit accounts in USD, EUR and GBP and time deposit accounts as of 23/12/2022 has been removed. Pursuant to the instruction dated 2/9/2022, the commission application according to the share of Turkish Lira deposits in the total deposit was changed to be applied as of December 23, 2022. According to this amendment, banks with a Turkish Lira deposit share of less than 50% will be paid a commission of 8%, and banks with a deposit between 50% and 60% will be paid a commission of 3%, separately for real and legal persons. Commissions payable will be calculated over the required reserve amount for foreign currency deposit liabilities.

##### 2. Information on financial assets at fair value through profit or loss:

##### 2.1 Information on financial assets at fair value through profit and loss given as collateral or blocked

None (31 December 2021: None).

##### 2.2 Financial assets at fair value through profit and loss subject to repurchase agreements

None (31 December 2021: None).

##### 2.3 Positive differences relating to derivative financial assets held-for-trading

|                      | Current Period |               | Prior Period |                |
|----------------------|----------------|---------------|--------------|----------------|
|                      | TRY            | FC            | TRY          | FC             |
| Forward Transactions | 79,735         | 4,423         | 7,893        | 15,691         |
| Swap transactions    | 1,288          | 16,049        | -            | 93,096         |
| Futures              | -              | -             | -            | -              |
| Options              | -              | -             | -            | -              |
| Other                | -              | -             | -            | -              |
| <b>Total</b>         | <b>81,023</b>  | <b>20,472</b> | <b>7,893</b> | <b>108,787</b> |

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### I. Explanations and disclosures related to assets (Continued)

##### 3. Information on Banks

###### 3.1 Information on banks

|                                     | Current Period |                  | Prior Period   |                  |
|-------------------------------------|----------------|------------------|----------------|------------------|
|                                     | TRY            | FC               | TRY            | FC               |
| Banks                               | -              | -                | -              | -                |
| - Domestic                          | 190,328        | 2,400,944        | 440,269        | 1,509,675        |
| - Foreign                           | -              | 113,650          | -              | 101,953          |
| - Foreign head-offices and branches | -              | -                | -              | -                |
| <b>Total</b>                        | <b>190,328</b> | <b>2,514,594</b> | <b>440,269</b> | <b>1,611,628</b> |

###### 3.2 Due from foreign banks

|                           | Unrestricted Balances |                | Restricted Balances |              |
|---------------------------|-----------------------|----------------|---------------------|--------------|
|                           | Current Period        | Prior Period   | Current Period      | Prior Period |
| EU Countries              | 30,963                | 34,433         | -                   | -            |
| USA and Canada            | 11,169                | 9,945          | -                   | -            |
| OECD Countries            | 70,993                | 57,391         | -                   | -            |
| Off-Shore Banking Regions | -                     | -              | -                   | -            |
| Other                     | 524                   | 184            | -                   | -            |
| <b>Total</b>              | <b>113,649</b>        | <b>101,953</b> | <b>-</b>            | <b>-</b>     |

#### 4. Information on financial assets measured at fair through other comprehensive income, subject to repo transactions and collateral/blocked

##### 4.1 Financial assets provided as collateral/blocked

None (31 December 2021: None).

##### 4.2 Financial assets subject to repurchase agreements

None (31 December 2021: None).

#### 5. Expected credit losses for financial assets

##### 5.1 Expected credit losses for banks

Expected credit loss for banks and other financial assets are TRY 2,021 (31 December 2021: TRY 1,049).

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### I. Explanations and disclosures related to assets (Continued)

##### 6. Information on loans

###### 6.1 Information on all types of loans and advances given to shareholders and employees of the Bank

|                                | Current Period |                | Prior Period  |                |
|--------------------------------|----------------|----------------|---------------|----------------|
|                                | Cash           | Non-cash       | Cash          | Non-Cash       |
| Direct Loans to Shareholders   | 70,963         | 443,759        | 57,387        | 360,312        |
| Corporates                     | 70,963         | 443,759        | 57,387        | 360,312        |
| Individuals                    | -              | -              | -             | -              |
| Indirect Loans to Shareholders | -              | -              | -             | -              |
| Loans to Employees             | -              | -              | -             | -              |
| <b>Total</b>                   | <b>70,963</b>  | <b>443,759</b> | <b>57,387</b> | <b>360,312</b> |

###### 6.2 Information on the first and second group loans and other receivables including restructured or rescheduled loans

| Current Period              | Performing Loans  | Non-Restructured | Loans under Follow-up  |            |
|-----------------------------|-------------------|------------------|------------------------|------------|
|                             |                   |                  | Restructured           | Refinanced |
|                             |                   |                  | Revised Contract Terms |            |
| <b>Cash Loans</b>           |                   |                  |                        |            |
| <b>Loans</b>                | <b>21,282,268</b> | -                | -                      | -          |
| Working Capital Loans       | -                 | -                | -                      | -          |
| Export Loans                | 4,350,461         | -                | -                      | -          |
| Import Loans                | -                 | -                | -                      | -          |
| Loans to Financial Sector   | 2,314,025         | -                | -                      | -          |
| Consumer Loans              | -                 | -                | -                      | -          |
| Credit Cards                | -                 | -                | -                      | -          |
| Others                      | 14,617,782        | -                | -                      | -          |
| <b>Specialization Loans</b> | -                 | -                | -                      | -          |
| <b>Other Receivables</b>    | -                 | -                | -                      | -          |
| <b>Total</b>                | <b>21,282,268</b> | -                | -                      | -          |

| Prior Period                | Performing Loans  | Non-Restructured | Loans under Follow-up  |            |
|-----------------------------|-------------------|------------------|------------------------|------------|
|                             |                   |                  | Restructured           | Refinanced |
|                             |                   |                  | Revised Contract Terms |            |
| <b>Cash Loans</b>           |                   |                  |                        |            |
| <b>Loans</b>                | <b>15,319,946</b> | <b>32,728</b>    | -                      | -          |
| Working Capital Loans       | -                 | -                | -                      | -          |
| Export Loans                | 1,455,985         | -                | -                      | -          |
| Import Loans                | -                 | -                | -                      | -          |
| Loans to Financial Sector   | 2,041,438         | -                | -                      | -          |
| Consumer Loans              | -                 | -                | -                      | -          |
| Credit Cards                | -                 | -                | -                      | -          |
| Others                      | 11,822,523        | 32,728           | -                      | -          |
| <b>Specialization Loans</b> | -                 | -                | -                      | -          |
| <b>Other Receivables</b>    | -                 | -                | -                      | -          |
| <b>Total</b>                | <b>15,319,946</b> | <b>32,728</b>    | -                      | -          |

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### I. Explanations and disclosures related to assets (Continued)

##### 6. Information on loans (Continued)

##### 6.2 Information on the first and second group loans and other receivables including restructured or rescheduled loans (Continued)

|  | Current Period   |                       | Prior Period     |                       |
|--|------------------|-----------------------|------------------|-----------------------|
|  | Performing Loans | Loans under Follow-up | Performing Loans | Loans under Follow-up |
| 12-Month ECL                                     | 155,451          | -                     | 65,245           | -                     |
| Lifetime ECL Significant Increase in Credit Risk | -                | -                     | -                | 173                   |

##### Distribution of cash loans by maturity structure

| Current Period             | Standard Loans | Loans in Close Monitoring          |              |
|----------------------------|----------------|------------------------------------|--------------|
|                            |                | Loans not Subject to Restructuring | Restructured |
| Short Term Loans           | 16,856,346     |                                    |              |
| Medium and Long Term Loans | 4,425,922      |                                    |              |
| Prior Period               | Standard Loans | Loans in Close Monitoring          |              |
|                            |                | Loans not Subject to Restructuring | Restructured |
| Short Term Loans           | 11,193,012     | 32,728                             | -            |
| Medium and Long Term Loans | 4,126,934      | -                                  | -            |

The following is a reclassification of provision for impairment on loans by stage;

|                                     | Standard Loans (Stage 1) | Loans under close monitoring (Stage 2) | Non-performing loans (Stage 3) | Total          |
|-------------------------------------|--------------------------|--|--------------------------------|----------------|
| Commercial                          |                          |  |                                |                |
| 31 December 2021                    | 65,245                   | 173                                    | -                              | 65,418         |
| Transfers;                          | -                        | (173)                                  | -                              | (173)          |
| - Stage 1 to Stage 2                | -                        | -                                      | -                              | -              |
| - Stage 1 to Stage 3                | -                        | -                                      | -                              | -              |
| - Stage 2 to Stage 3                | -                        | -                                      | -                              | -              |
| - Stage 2 to Stage 1                | -                        | (173)                                  | -                              | (173)          |
| Transferred within the Period       | 78,441                   | -                                      | -                              | 78,441         |
| Collections                         | -                        | -                                      | -                              | -              |
| Sold Portfolio                      | -                        | -                                      | -                              | -              |
| Currency Differences                | 11,765                   | -                                      | -                              | -              |
| <b>Total Expected Credit Losses</b> |                          |  |                                |                |
| <b>31 December 2022</b>             | <b>155,451</b>           | <b>-</b>                               | <b>-</b>                       | <b>155,451</b> |

##### 6.3 Overdue dates of loans under close monitoring

None (31 December 2021: None).

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### I. Explanations and disclosures related to assets (Continued)

##### 6. Information on loans (Continued)

###### 6.4 Allocation of domestic and foreign loans

|                | Current Period    | Prior Period      |
|----------------|-------------------|-------------------|
| Domestic Loans | 21,282,268        | 15,352,674        |
| Foreign Loans  | -                 | -                 |
| <b>Total</b>   | <b>21,282,268</b> | <b>15,352,674</b> |

###### 6.5 Allocation of loans by customers

|                | Current Period    | Prior Period      |
|----------------|-------------------|-------------------|
| Public Sector  | 2,253,810         | 1,319,145         |
| Private Sector | 19,028,458        | 14,033,529        |
| <b>Total</b>   | <b>21,282,268</b> | <b>15,352,674</b> |

###### 6.6 Information on consumer loans, individual credit cards and credit cards given to personnel

None (31 December 2021: None).

###### 6.7 Information on commercial loans with installments and corporate credit cards

None (31 December 2021: None).

###### 6.8 Loans granted to subsidiaries and associates

None (31 December 2021: None).

###### 6.9 Specific provisions provided against loans

None (31 December 2021: None).

###### 6.10 Information on non-performing loans (Net)

###### 6.10.1 Information on loans and other receivables included in non-performing loans which are restructured or rescheduled

None (31 December 2021: None).

###### 6.10.2 Movement on non-performing loans

None (31 December 2021: None).

###### 6.10.3 Information on non-performing loans and other receivables in foreign currencies

None (31 December 2021: None).

###### 6.10.4 Information regarding gross and net amounts of non-performing loans with respect to user groups

None (31 December 2021: None).

###### 6.11 Liquidation policy for uncollectible loans and other receivables

None (31 December 2021: None).



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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### I. Explanations and disclosures related to assets (Continued)

##### 6. Information on loans (Continued)

###### 6.12 Explanations related to write-off policy

None (31 December 2021: None).

##### 7. Information on investments investments measured at amortized cost

None (31 December 2021: None).

##### 8. Information on associates

None (31 December 2021: None).

##### 9. Information on subsidiaries

None (31 December 2021: None).

##### 10. Information on entities under common control

None (31 December 2021: None).

##### 11. Information on lease receivables

None (31 December 2021: None).

##### 12. Information on derivative financial assets held for hedging purposes

None (31 December 2021: None).

##### 13. Information on investment properties

None (31 December 2021: None).

##### 14. Information on tangible asset

| Current Period                          | Right of Use Assets(*) | Other Tangible Assets | Total         |
|---|------------------------|-----------------------|---------------|
| Cost                                    |                        |                       |               |
| Beginning Balance, 1 January 2022       | 5,361                  | 22,185                | 27,546        |
| Additions                               | 624                    | 1,847                 | 2,471         |
| Disposals                               | -                      | 102                   | 102           |
| <b>Ending Balance, 31 December 2022</b> | <b>5,985</b>           | <b>23,930</b>         | <b>29,915</b> |
| Accumulated Depreciation                |                        |                       |               |
| Beginning Balance, 1 January 2022       | 375                    | 15,761                | 16,136        |
| Depreciation Charge                     | 2,107                  | 2,078                 | 4,185         |
| Disposals                               | -                      | 102                   | 102           |
| <b>Ending Balance, 31 December 2022</b> | <b>2,482</b>           | <b>17,737</b>         | <b>20,321</b> |
| <b>Net Book Value, 31 December 2022</b> | <b>3,503</b>           | <b>6,193</b>          | <b>9,696</b>  |

(\*) Consists of vehicle and building rents accounted according to the IFRS 16 standard

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### I. Explanations and disclosures related to assets (Continued)

| Prior Period                            | Right of Use Assets(*) | Other Tangible Assets | Total         |
|---|------------------------|-----------------------|---------------|
| Cost                                    |                        |                       |               |
| Beginning Balance, 1 January 2021       | 7,337                  | 18,427                | 25,764        |
| Additions                               | 4,369                  | 4,531                 | 8,900         |
| Disposals                               | 6,345                  | 773                   | 7,118         |
| <b>Ending Balance, 31 December 2021</b> | <b>5,361</b>           | <b>22,185</b>         | <b>27,546</b> |
| Accumulated Depreciation                |                        |                       |               |
| Beginning Balance, 1 January 2021       | 3,811                  | 15,282                | 19,093        |
| Depreciation Charge                     | 1,929                  | 1,247                 | 3,176         |
| Disposals                               | 5,365                  | 768                   | 6,133         |
| <b>Ending Balance, 31 December 2021</b> | <b>375</b>             | <b>15,761</b>         | <b>16,136</b> |
| <b>Net Book Value, 31 December 2021</b> | <b>4,986</b>           | <b>6,424</b>          | <b>11,410</b> |

(\*) Consists of vehicle and building rents accounted according to the IFRS 16 standard

#### 15. Information on intangible asset

##### 15.1 Useful lives and amortization rates

The useful life of an asset is determined by taking the asset's expected economic life, technical, technological or other kinds of obsolescence, and maintenance costs into account. The amortization rates used are in accordance with the useful lives of the underlying assets. The useful lives are determined as defined by TAS 38 "Intangible Assets".

The Bank's intangible assets comprise software programs and intangible rights, and their useful life is considered as 5 years.

##### 15.2 Amortization Methods

The amortization charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remains in the asset account on a straight line basis.

##### 15.3 Balances of book value and accumulated amortization at beginning and end of the period

|                   | Current Period |                          | Prior Period |                          |
|-------------------|----------------|--------------------------|--------------|--------------------------|
|                   | Book Value     | Accumulated Amortization | Book Value   | Accumulated Amortization |
| Intangible Assets | 75,707         | 67,451                   | 72,682       | 64,614                   |

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### I. Explanations and disclosures related to assets (Continued)

##### 15.4 Movements of intangible assets for the period

|   | Current Period |
|---|----------------|
| Cost                                    |                |
| Beginning Balance, 1 January 2022       | 77,682         |
| Additions                               | 3,025          |
| <b>Ending Balance, 31 December 2022</b> | <b>75,707</b>  |
| Accumulated Amortization                |                |
| Beginning Balance, 1 January 2022       | 64,614         |
| Amortization Charge                     | 2,837          |
| <b>Ending Balance, 31 December 2022</b> | <b>67,451</b>  |
| <b>Net Book Value, 31 December 2022</b> | <b>8,256</b>   |

|   | Prior Period  |
|---|---------------|
| Cost                                    |               |
| Beginning Balance, 1 January 2021       | 68,752        |
| Additions                               | 3,930         |
| <b>Ending Balance, 31 December 2021</b> | <b>72,682</b> |
| Accumulated Amortization                |               |
| Beginning Balance, 1 January 2021       | 62,314        |
| Amortization Charge                     | 2,300         |
| <b>Ending Balance, 31 December 2021</b> | <b>64,614</b> |
| <b>Net Book Value, 31 December 2021</b> | <b>8,068</b>  |

##### 15.5 Information on any intangible assets which are important for financial statements in case of existence

None (31 December 2021: None)

##### 15.6 Information on intangible assets capitalized under government incentives at fair values

None (31 December 2021: None)

##### 15.7 Revaluation method of intangible assets capitalized under government incentives and valued at fair values at capitalization dates

None (31 December 2021: None)

##### 15.8 Net book value of intangible asset that are restricted in usage or pledged

None ( 31 December 2021: None)

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### 8. INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### I. Explanations and disclosures related to assets (Continued)

##### 15. Information on intangible asset(Continued)

###### 15.9 *Commitments to acquire intangible assets*

None (31 December 2021: None)

###### 15.10 *Disclosure on revalued intangible assets*

None (31 December 2021: None)

###### 15.11 *Research and development costs expensed during the period in case of existence*

None (31 December 2021: None)

###### 15.12 *Information on goodwill*

None (31 December 2021: None)

##### 16. Information on deferred tax asset

###### 16.1 *Amount of deferred tax asset recognized in the balance sheet in respect of deductible temporary differences, unused tax losses and unused tax credits*

Detailed information about deferred tax asset/liability presented under Section Five Note II.9.2.

###### 16.2 *Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in prior periods in the balance sheet*

None (31 December 2021: None).

###### 16.3 *Deferred tax asset resulting from the cancellation of the provision for impairment losses related to the deferred taxes*

None (31 December 2021: None).

##### 17. Information on assets held for sale and non-current assets related to discontinued operations

None (31 December 2021: None).

##### 18. Information on other assets

Other assets do not exceed 10% of total assets excluding the off-balance sheet items.

###### 18.1 *Information on prepaid expenses, tax and similar items*

As of 31 December 2022, total prepaid expenses are TRY 14,133 (31 December 2021: TRY 11,408).

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### 9. INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### II. Explanations and disclosures related to liabilities

##### 1. Information on deposits

##### 1.1 Information on maturity structure of deposits

##### Current Period

|                                  | Demand    | 7 Day Call Accounts | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Months -1 Year | 1 Year and Over | Accumulating Deposit Accounts | Total      |
|----------------------------------|-----------|---------------------|---------------|------------|------------|------------------|-----------------|-------------------------------|------------|
| <b>Saving Deposits</b>           |           |                     |               |            |            |                  |                 |                               |            |
| <b>Foreign Currency Deposits</b> | 1,406,693 | -                   | 132,611       | -          | -          | -                | -               | -                             | 1,539,304  |
| Residents of Turkey              | 1,406,693 | -                   | 132,611       | -          | -          | -                | -               | -                             | 1,539,304  |
| Residents Abroad                 | -         | -                   | -             | -          | -          | -                | -               | -                             | -          |
| <b>Public Sector Deposits</b>    | -         | -                   | -             | -          | -          | -                | -               | -                             | -          |
| <b>Commercial Deposits</b>       | 57,644    | -                   | 603,405       | -          | -          | -                | -               | -                             | 661,049    |
| <b>Other Ins. Deposits</b>       | 715       | -                   | -             | -          | -          | -                | -               | -                             | 715        |
| <b>Precious Metal Deposits</b>   | -         | -                   | -             | -          | -          | -                | -               | -                             | -          |
| <b>Interbank Deposits</b>        | 1         | -                   | 4,953,948     | 243,143    | 2,288,815  | 727,457          | 3,108,432       | -                             | 11,321,796 |
| Central Bank of Turkey           | -         | -                   | -             | -          | -          | -                | -               | -                             | -          |
| Domestic Banks                   | -         | -                   | -             | -          | -          | -                | -               | -                             | -          |
| Foreign Banks                    | 1         | -                   | 4,953,948     | 243,143    | 2,288,815  | 727,457          | 3,108,432       | -                             | 11,321,796 |
| Special Finan.Inst.              | -         | -                   | -             | -          | -          | -                | -               | -                             | -          |
| Other                            | -         | -                   | -             | -          | -          | -                | -               | -                             | -          |
| <b>Total</b>                     | 1,465,053 | -                   | 5,689,964     | 243,143    | 2,288,815  | 727,457          | 3,108,432       | -                             | 13,522,864 |

##### Prior Period

|                                  | Demand    | 7 Day Call Accounts | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Months -1 Year | 1 Year and Over | Accumulating Deposit Accounts | Total      |
|----------------------------------|-----------|---------------------|---------------|------------|------------|------------------|-----------------|-------------------------------|------------|
| <b>Saving Deposits</b>           |           |                     |               |            |            |                  |                 |                               |            |
| <b>Foreign Currency Deposits</b> | 1,926,400 | -                   | 284,289       | -          | -          | -                | -               | -                             | 2,210,689  |
| Residents of Turkey              | 1,922,780 | -                   | 284,289       | -          | -          | -                | -               | -                             | 2,207,069  |
| Residents Abroad                 | 3,620     | -                   | -             | -          | -          | -                | -               | -                             | 3,620      |
| <b>Public Sector Deposits</b>    | -         | -                   | -             | -          | -          | -                | -               | -                             | -          |
| <b>Commercial Deposits</b>       | 11,105    | -                   | 332,548       | -          | -          | -                | -               | -                             | 343,653    |
| <b>Other Ins. Deposits</b>       | 34        | -                   | -             | -          | -          | -                | -               | -                             | 34         |
| <b>Precious Metal Deposits</b>   | -         | -                   | -             | -          | -          | -                | -               | -                             | -          |
| <b>Interbank Deposits</b>        | -         | -                   | 3,139,767     | 893,071    | 2,118,583  | 506,768          | 1,512,819       | -                             | 8,171,008  |
| Central Bank of Turkey           | -         | -                   | -             | -          | -          | -                | -               | -                             | -          |
| Domestic Banks                   | -         | -                   | -             | -          | -          | -                | -               | -                             | -          |
| Foreign Banks                    | -         | -                   | 3,139,767     | 893,071    | 2,118,583  | 506,768          | 1,512,819       | -                             | 8,171,008  |
| Special Finan.Inst.              | -         | -                   | -             | -          | -          | -                | -               | -                             | -          |
| Other                            | -         | -                   | -             | -          | -          | -                | -               | -                             | -          |
| <b>Total</b>                     | 1,937,539 | -                   | 3,756,604     | 893,071    | 2,118,583  | 506,768          | 1,512,819       | -                             | 10,725,384 |

##### 1.2 Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance

None (31 December 2021: None).

##### 1.3 Saving deposits at domestic branches of foreign banks in Turkey under the coverage of foreign insurance.

##### 1.4 Saving deposits that are not under the guarantee of deposit insurance fund

None (31 December 2021: None).

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# MUFG BANK TURKEY A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

### 10. INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### II. Explanations and disclosures related to liabilities (Continued)

##### 2. Negative differences relating to derivative financial liabilities held-for-trading

|   | Current Period |               | Prior Period  |               |
|---|----------------|---------------|---------------|---------------|
|   | TRY            | FC            | TRY           | FC            |
| <b>Derivative Financial Liabilities</b> |                |               |               |               |
| Forward transactions                    | 21,725         | 10,962        | 18,742        | 10,964        |
| Swap transactions                       | -              | 13,986        | 23,198        | 34            |
| Futures                                 | -              | -             | -             | -             |
| Options                                 | -              | -             | -             | -             |
| Other                                   | -              | -             | -             | -             |
| <b>Total</b>                            | <b>21,725</b>  | <b>24,948</b> | <b>41,940</b> | <b>10,998</b> |

##### 3. Information on banks and other financial institutions

###### 3.1 Information on banks and other financial institutions

|  | Current Period |                   | Prior Period |                   |
|--|----------------|-------------------|--------------|-------------------|
|  | TRY            | FC                | TRY          | FC                |
| Loans from Central Bank of Turkey          | -              | -                 | -            | -                 |
| From Domestic Banks and Institutions       | -              | -                 | -            | -                 |
| From Foreign Banks, Institutions and Funds | -              | 20,900,731        | -            | 11,033,914        |
| <b>Total</b>                               | <b>-</b>       | <b>20,900,731</b> | <b>-</b>     | <b>11,033,914</b> |

###### 3.2 Maturity analysis of borrowings

|                      | Current Period |                   | Prior Period |                   |
|----------------------|----------------|-------------------|--------------|-------------------|
|                      | TRY            | FC                | TRY          | FC                |
| Short-Term           | -              | 20,893,554        | -            | 11,020,638        |
| Medium and Long Term | -              | 7,177             | -            | 13,276            |
| <b>Total</b>         | <b>-</b>       | <b>20,900,731</b> | <b>-</b>     | <b>11,033,914</b> |

###### 3.3 Additional explanation related to the concentrations of the Bank's major liabilities

In the normal course of banking operations, the Bank funds itself through deposits and bank borrowings.

##### 4. Informations related with securities issued

None (31 December 2021: None).

##### 5. Miscellaneous payables and other liabilities

Miscellaneous payables and other liabilities on the balance sheet do not exceed %10 of the balance sheet total.

##### 6. Explanations on leasing obligations (Net):

###### 6.1 Explanation on financial lease obligations

None (31 December 2021: None).

Convenience translation of publicly announced unconsolidated financial statements, related disclosures originally issued in Turkish, See Note I. of Section three

# MUFG BANK TURKEY A.Ş.

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

### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### II. Explanations and disclosures related to liabilities (Continued)

##### 6. Explanations on leasing obligations (Net) (Continued):

###### 6.2 Information on operational leases and disclosures

|                   | Current Period |              | Prior Period |              |
|-------------------|----------------|--------------|--------------|--------------|
|                   | Gross          | Net          | Gross        | Net          |
| Less than 1 year  | 3,021          | 2,565        | 2,298        | 1,701        |
| 1-4 years         | 1,387          | 1,310        | 3,870        | 3,419        |
| More than 4 years | -              | -            | -            | -            |
| <b>Total</b>      | <b>4,408</b>   | <b>3,875</b> | <b>6,168</b> | <b>5,120</b> |

##### 7. Information on derivative financial liabilities for hedging purposes

None (31 December 2021: None).

##### 8. Information on provisions

###### 8.1 Explanations on reserves for employee benefits

As of 31 December 2022, employee benefits amounting to TL 33,717 (31 December 2021: TL 19,359) consists of TL 23,086 bonus provision (December 31, 2021: TL 15,665), TL 4,234 unused leave reserve (December 31, 2021: TL 1,811) and 6,397 TL. TL consists of severance pay (31 December 2021: 1,883 TL).

The current value of Company's probable liability is calculated by using the estimates shown in the table below:

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Discount rate (%)   | (0.32)         | 3.85         |
| Turnover rate to estimate the probability of retirement (%) | 91.51          | 92.46        |

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate represents the expected real rate after adjusting for the anticipated effects of future inflation. Company has used the upper limit amounting full TRY 19,982.83 from 1 January 2023 (1 January 2022: full TRY 10,848.59).

###### 8.2 Foreign exchange losses on the foreign currency indexed loans and finance lease receivables

None (31 December 2021: None).

###### 8.3 The specific provisions provided for unindemnified non cash loans

None (31 December 2021: None).

###### 8.4 Explanation on other provisions

###### 8.4.1 Provisions for probable losses

None (31 December 2021: None).

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# MUFG BANK TURKEY A.Ş.

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### II. Explanations and disclosures related to liabilities (Continued)

##### 8. Information on provisions (Continued)

###### 8.4 Explanation on other provisions (Continued)

###### 8.4.2 The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total provisions

As of 31 December 2022, other provisions amounting to TL 11,074 consist of provisions for lawsuits, TL 160, miscellaneous provisions amounting to TL 1.071, and expected loss provisions for non-cash loans, amounting to TL 9,843. (As of 31 December 2021, of the other provisions amounting to TL 4,199,160 TL consists of provisions for lawsuits, TL 1,071 for miscellaneous provisions, and TL 2,968 for expected loss provisions for non-cash loans).

##### 9. Explanations on tax liabilities

###### 9.1 Explanations on current tax liability

###### 9.1.1 Explanations on tax provision

As of 31 December 2022, the Bank has a current tax liability of TRY 56,282 after offsetting advance taxes (As of 31 December 2021, the Bank had a current tax liability of TRY 18,827 after offsetting advance taxes).

###### 9.1.2 Information on taxes payable

|  | Current Period | Prior Period  |
|--|----------------|---------------|
| Corporate taxes payable                      | 56,282         | 18,827        |
| Taxation on securities                       | 90             | 270           |
| Property tax                                 | 19             | 26            |
| Banking and Insurance Transaction Tax (BITT) | 10,983         | 4,640         |
| Taxes on foreign exchange transactions       | 35             | 8             |
| Value added taxes payable                    | 595            | 1,005         |
| Other  | 2,913          | 1,414         |
| <b>Total</b>                                 | <b>70,917</b>  | <b>26,190</b> |

###### 9.1.3 Information on premiums

|                                    | Current Period | Prior Period |
|------------------------------------|----------------|--------------|
| Social Security Premiums- Employee | 462            | 238          |
| Social Security Premiums- Employer | 562            | 294          |
| Unemployment Insurance- Employee   | 31             | 16           |
| Unemployment Insurance- Employer   | 62             | 32           |
| <b>Total</b>                       | <b>1,117</b>   | <b>580</b>   |



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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### II. Explanations and disclosures related to liabilities (Continued)

##### 9. Explanations on tax liabilities (Continued)

###### 9.2 Explanations on deferred tax liabilities

As of 31 December 2022, the deferred tax assets of TRY 41,213 (31 December 2021: TRY 7,363 deferred tax asset) is calculated.

Deferred tax assets consist of deferred tax assets and liabilities arising from the differences between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base which will be considered in the calculation of taxable profit/loss in the following periods. The deferred tax assets and liabilities are offset in the accompanying financial statements.

| Current Period  | Deferred Tax Base | Deferred Tax Asset/ (Liability) |
|---|-------------------|---------------------------------|
| Reserve for Employee Benefits                           | 33,717            | 8,429                           |
| Derivative Financial Instruments Fair Value Differences | (54,823)          | (13,706)                        |
| Tangible and Intangible Assets Tax Base Differences     | (3,856)           | (964)                           |
| Deferred Commissions                                    | 6,359             | 1,590                           |
| Lawsuit Provisions                                      | 160               | 40                              |
| Loan Accrual Differences between Tax and IFRS           | 4,579             | 1,145                           |
| Loan Reserve Requirements                               | 167,316           | 41,829                          |
| Other   | 11,400            | 2,850                           |
| <b>Deferred Tax Asset/(Liability) (Net)</b>             | <b>164,852</b>    | <b>41,213</b>                   |

| Prior Period  | Deferred Tax Base | Deferred Tax Asset/(Liability) |
|---|-------------------|--------------------------------|
| Reserve for Employee Benefits                           | 24,390            | 5,747                          |
| Derivative Financial Instruments Fair Value Differences | (63,742)          | (14,661)                       |
| Tangible and Intangible Assets Tax Base Differences     | (3,387)           | (779)                          |
| Deferred Commissions                                    | 4,102             | 943                            |
| Lawsuit Provisions                                      | 160               | 37                             |
| Loan Accrual Differences between Tax and IFRS           | 360               | 83                             |
| Loan Reserve Requirements                               | 69,434            | 15,970                         |
| Other   | 97                | 23                             |
| <b>Deferred Tax Asset/(Liability) (Net)</b>             | <b>31,414</b>     | <b>7,363</b>                   |

Current period deferred tax assets and liabilities movement table are as follows:

|   | Current Period | Prior Period  |
|---|----------------|---------------|
| <b>Deferred Tax Asset, Beginning Balance</b>  | <b>7,363</b>   | <b>12,656</b> |
| Deferred Tax Benefit / (Charge)               | 33,612         | (5,293)       |
| Deferred Tax Recognized Directly Under Equity | 238            | -             |
| <b>Deferred Tax Asset, Ending Balance</b>     | <b>41,213</b>  | <b>7,363</b>  |

#### 10. Information on liabilities regarding assets held for sale and discontinued operations

None (31 December 2021: None).

#### 11. Explanations on subordinated loans

None (31 December 2021: None).

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# MUFG BANK TURKEY A.Ş.

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### II. Explanations and disclosures related to liabilities (Continued)

##### 12. Information on shareholders' equity

###### 12.1 Paid-in capital

|                 | Current Period | Prior Period |
|-----------------|----------------|--------------|
| Common Stock    | 527,000        | 527,700      |
| Preferred Stock | -              | -            |

###### 12.2 Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the amount of registered share capital ceiling

Registered capital system is not applied.

###### 12.3 Information on share capital increases and their sources; other information on increased capital shares in current period

None (31 December 2021: None).

###### 12.4 Information on share capital increases from revaluation funds

None (31 December 2021: None).

###### 12.5 Information on capital commitments the purpose and the sources until the end of the fiscal year and the subsequent period

The capital is totally paid in and there are no capital commitments.

###### 12.6 Indicators of the Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions due to the uncertainty of these indicators on the Bank's equity

None (31 December 2021: None).

###### 12.7 Information on privileges given to stocks representing the capital

The Bank does not have any preferred shares.

###### 12.8 Common stock issue premiums, shares and equity instruments

None (31 December 2021: None).

###### 12.9 Information on marketable securities value increase fund

None (31 December 2021: None).

###### 12.10 Information on revaluation reserve

None (31 December 2021: None).

###### 12.11 Bonus shares of Subsidiaries, Associates and Joint Ventures

None (31 December 2021: None).

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### II. Explanations and disclosures related to liabilities (Continued)

##### 12. Information on shareholders' equity (Continued)

###### 12.12 Information on legal reserves

|                   | <i>Current Period</i> | <i>Prior Period</i> |
|-------------------|-----------------------|---------------------|
| I. Legal Reserve  | 45,565                | 30,688              |
| II. Legal Reserve |                       | -                   |
| Special Reserves  |                       | -                   |

###### 12.13 Information on extraordinary reserves

None (31 December 2021: None).

##### 13. Information on minority shares

None (31 December 2021: None).

#### III. Explanations and disclosures related to off-balance sheet contingencies and commitments

##### 1. Information on off-balance sheet commitments

###### 1.1 Nature and amount of irrevocable loan commitments

| <b>Type of Irrevocable Commitments</b>     | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Time Deposit Purchase and Sale Commitments | 43,190                | 4,864,169           |
| Loan Granting Commitments                  | 67,314                |                     |
| Time Deposit Trading Commitments           | 428,600               | -                   |
| <b>Total</b>                               | <b>542,104</b>        | <b>4,864,169</b>    |

###### 1.2 Possible losses and commitments related to off-balance sheet items, including the ones listed below

###### 1.2.1 Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Letters of Guarantee in TRY              | 1,372,682             | 600,180             |
| Letters of Guarantee in Foreign Currency | 822,148               | 587,449             |
| Letters of Credit                        | 44,909                | 1,496,741           |
| Bills of Exchange and Acceptances        | -                     | -                   |
| Other Guarantees                         | -                     | 11,996              |
| <b>Total</b>                             | <b>2,239,739</b>      | <b>2,696,366</b>    |

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### III. Explanations and disclosures related to off-balance sheet contingencies and commitments (Continued)

##### 1. Information on off-balance sheet commitments (Continued)

##### 1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

|                                | Current Period   | Prior Period     |
|--------------------------------|------------------|------------------|
| Temporary Letters of Guarantee | 88,436           | 52,202           |
| Permanent Letters of Guarantee | 1,620,815        | 638,883          |
| Advance Letters of Guarantee   | 105,673          | 171,272          |
| Custom Letters of Guarantee    | 378,340          | 323,706          |
| Other Letters of Guarantee     | 1,566            | 1,566            |
| <b>Total</b>                   | <b>2,194,830</b> | <b>1,187,629</b> |

##### 2. Information on Non-cash Loans

##### 2.1 Total amount of non-cash loans

|  | Current Period   | Prior Period     |
|--|------------------|------------------|
| Non-Cash Loans against Cash Risks          | -                | -                |
| With Original Maturity of 1 Year or Less   | -                | -                |
| With Original Maturity of More Than 1 Year | -                | -                |
| Other Non-Cash Loans                       | 2,239,739        | 2,696,366        |
| <b>Total</b>                               | <b>2,239,739</b> | <b>2,696,366</b> |

##### 2.2 Information on Sectorial risk concentration of non\_cash loans

|                                      | Current Period   |              |                |              | Prior Period   |              |                  |              |
|--------------------------------------|------------------|--------------|----------------|--------------|----------------|--------------|------------------|--------------|
|                                      | TRY              | (%)          | FC             | (%)          | TRY            | (%)          | FC               | (%)          |
| <b>Agriculture</b>                   | <b>29,997</b>    | <b>2.14</b>  | -              | -            | <b>3,000</b>   | <b>0.50</b>  | -                | -            |
| Farming and Stockbreeding            | 29,997           | 2.14         | -              | -            | 3,000          | 0.50         | -                | -            |
| Forestry                             | -                | -            | -              | -            | -              | -            | -                | -            |
| Fishery                              | -                | -            | -              | -            | -              | -            | -                | -            |
| <b>Manufacturing</b>                 | <b>1,017,463</b> | <b>72.54</b> | <b>54,969</b>  | <b>6.57</b>  | <b>218,668</b> | <b>36.43</b> | <b>1,485,233</b> | <b>70.85</b> |
| Mining and Quarrying                 | -                | -            | -              | -            | -              | -            | -                | -            |
| Production                           | 1,017,463        | 72.54        | 54,969         | 6.57         | 218,668        | 36.43        | 1,485,233        | 70.85        |
| Electricity, Gas, Water              | -                | -            | -              | -            | -              | -            | -                | -            |
| <b>Construction</b>                  | -                | -            | -              | -            | -              | -            | -                | -            |
| <b>Services</b>                      | <b>355,219</b>   | <b>25.32</b> | <b>782,091</b> | <b>93.43</b> | <b>378,512</b> | <b>63.07</b> | <b>610,953</b>   | <b>29.15</b> |
| Wholesale and Retail Trade           | 81,012           | 5.78         | 49,890         | 5.96         | 63,931         | 10.65        | 76,462           | 3.65         |
| Accommodation and Dining             | -                | -            | -              | -            | -              | -            | -                | -            |
| Transportation and Telecommunication | 137,970          | 9.84         | 2,317          | 0.28         | 122,608        | 20.44        | 4,631            | 0.22         |
| Financial Institutions               | 136,237          | 9.71         | 707,046        | 707.046      | 190,825        | 31.79        | 512,958          | 24.47        |
| Real Estate and Rental Services      | -                | -            | -              | -            | -              | -            | -                | -            |
| Professional Services                | -                | -            | -              | -            | -              | -            | -                | -            |
| Educational Services                 | -                | -            | -              | -            | -              | -            | -                | -            |
| Health and Social Services           | -                | -            | 22,838         | 2.73         | 1,148          | 0.19         | 16,902           | 0.81         |
| Others                               | -                | -            | -              | -            | -              | -            | -                | -            |
| <b>Total</b>                         | <b>1,402,679</b> | <b>100</b>   | <b>837,060</b> | <b>100</b>   | <b>600,180</b> | <b>100</b>   | <b>2,096,186</b> | <b>100</b>   |

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### III. Explanations and disclosures related to off-balance sheet contingencies and commitments (Continued)

##### 2. Information on Non-cash Loans (Continued)

##### 2.3 Information on the first and second group of non-cash loans

| Current Period                         | Group I          |                  | Group II     |          |
|--|------------------|------------------|--------------|----------|
|  | TRY              | FC               | TRY          | FC       |
| <b>Non-Cash Loans</b>                  |                  |                  |              |          |
| Letters of Guarantee                   | 1,372,682        | 822,148          | -            | -        |
| Bills of Exchange and Bank Acceptances | -                | -                | -            | -        |
| Letters of Credit                      | 29,997           | 14,912           | -            | -        |
| Endorsements                           | -                | -                | -            | -        |
| Underwriting Commitments               | -                | -                | -            | -        |
| Factoring Related Guarantees           | -                | -                | -            | -        |
| Other Guarantees and Sureties          | -                | -                | -            | -        |
| <b>Total</b>                           | <b>1,402,679</b> | <b>837,060</b>   |              |          |
| <b>Prior Period</b>                    |                  |                  |              |          |
|  |                  |                  |              |          |
|  |                  |                  |              |          |
| <b>Non-Cash Loans</b>                  |                  |                  |              |          |
| Letters of Guarantee                   | 592,034          | 587,449          | 8,146        | -        |
| Bills of Exchange and Bank Acceptances | -                | -                | -            | -        |
| Letters of Credit                      | -                | 1,496,741        | -            | -        |
| Endorsements                           | -                | -                | -            | -        |
| Underwriting Commitments               | -                | -                | -            | -        |
| Factoring Related Guarantees           | -                | -                | -            | -        |
| Other Guarantees and Sureties          | -                | 11,996           | -            | -        |
| <b>Total</b>                           | <b>592,034</b>   | <b>2,096,186</b> | <b>8,146</b> | <b>-</b> |

#### 3. Information related to derivative financial instruments

|   | Current Period    | Prior Period      |
|---|-------------------|-------------------|
| <b>Derivative Financial Instruments held for Risk Management</b>          | -                 | -                 |
| <b>A. Total Derivative Financial Instruments held for Risk Management</b> | -                 | -                 |
| Fair Value Hedges   | -                 | -                 |
| Cash Flow Hedges  | -                 | -                 |
| Net Foreign Investment Hedges   | -                 | -                 |
| <b>Trading Derivatives</b>  |                   |                   |
| <b>Foreign Currency related Derivative Transactions (I)</b>               | <b>14,310,059</b> | <b>10,830,669</b> |
| Currency Forwards-Purchases   | 4,429,772         | 1,095,834         |
| Currency Forwards-Sales   | 4,350,965         | 1,091,361         |
| Currency Swaps-Purchases  | 2,757,056         | 4,357,786         |
| Currency Swaps-Sales  | 2,772,266         | 4,285,688         |
| Currency Options-Purchases  | -                 | -                 |
| Currency Options-Sales  | -                 | -                 |
| Currency Futures-Purchases  | -                 | -                 |
| Currency Futures-Sales  | -                 | -                 |
| <b>Interest Rate related Derivative Transactions (II)</b>                 | -                 | -                 |
| Interest Rate Swaps-Purchases   | -                 | -                 |
| Interest Rate Swaps-Sales   | -                 | -                 |
| Interest Rate Options-Purchases   | -                 | -                 |
| Interest Rate Options-Sales   | -                 | -                 |
| Securities Options-Purchases  | -                 | -                 |
| Securities Options-Sales  | -                 | -                 |
| Interest Rate Futures-Purchases   | -                 | -                 |
| Interest Rate Futures-Sales   | -                 | -                 |
| <b>Other Trading Derivative Transactions (III)</b>                        | -                 | -                 |
| <b>B. Total Trading Derivatives (I+II+III)</b>                            | <b>14,310,059</b> | <b>10,830,669</b> |
| <b>Total Derivative Transactions (A+B)</b>                                | <b>14,310,059</b> | <b>10,830,669</b> |

(\*) Assets purchase and sale commitments are included

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### III. Explanations and disclosures related to off-balance sheet contingencies and commitments (Continued)

##### 4. Credit derivatives and risk exposures on credit derivatives

None (31 December 2021: None).

##### 5. Explanations on contingent liabilities and assets

As per the precautionary principle, a provision of TRY 160 (31 December 2021: TRY 160) has been provided for court cases filed against the Bank; these provisions are classified in the “Other provisions” in the balance sheet. There are no ongoing lawsuits, apart from the provisions accounted for.

##### 6. Explanation on custodian and intermediary services

None (31 December 2021: None).

#### IV. Explanations and disclosures related to income statement

##### 1. Interest income

###### 1.1 Information on interest income on loans

|   | Current Period |                | Prior Period   |                |
|---|----------------|----------------|----------------|----------------|
|   | TRY            | FC             | TRY            | FC             |
| <b>Interest on loans</b>                                  |                |                |                |                |
| Short Term Loans  | 454,995        | 390,340        | 259,906        | 95,728         |
| Medium and Long Term Loans                                | -              | 149,588        | 5,879          | 61,968         |
| Interest on Non-Performing Loans                          | -              | -              | -              | -              |
| Premiums received from Resources Utilization Support Fund | -              | -              | -              | -              |
| <b>Total</b>  | <b>454,995</b> | <b>539,928</b> | <b>265,785</b> | <b>157,696</b> |

###### 1.2 Information on interest income on bank

|                                 | Current Period |               | Prior Period  |              |
|---------------------------------|----------------|---------------|---------------|--------------|
|                                 | TRY            | FC            | TRY           | FC           |
| The Central Bank of Turkey      | 227            | 9,171         | 18            | -            |
| Domestic Banks                  | 14,106         | 18,639        | 30,889        | 6,154        |
| Foreign Banks                   | 35             | 11            | 3,501         | -            |
| Branches and Head Office Abroad | -              | -             | -             | -            |
| <b>Total</b>                    | <b>14,368</b>  | <b>27,821</b> | <b>34,408</b> | <b>6,154</b> |

###### 1.3 Interest received from marketable securities portfolio

None (31 December 2021: None).

###### 1.4 Information on interest income received from associates and subsidiaries

None (31 December 2021: None).

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### IV. Explanations and disclosures related to income statement (Continued)

##### 2. Interest expenses

###### 2.1 Information on interest on funds borrowed

|  | Current Period |                | Prior Period |               |
|--|----------------|----------------|--------------|---------------|
|  | TRY            | FC             | TRY          | FC            |
| <b>Banks</b>                           |                |                |              |               |
| <i>The Central Bank of Turkey</i>      | -              | -              | -            | -             |
| <i>Domestic Banks</i>                  | 374            | -              | 163          | -             |
| <i>Foreign Banks</i>                   | -              | 161,304        | 6,535        | 13,446        |
| <i>Branches and Head Office Abroad</i> | -              | -              | -            | -             |
| <b>Other Institutions</b>              | -              | -              | -            | -             |
| <b>Total</b>                           | <b>374</b>     | <b>161,304</b> | <b>6,698</b> | <b>13,446</b> |

###### 2.2 Information on interest expenses to associates and subsidiaries

None (31 December 2022: None).

###### 2.3 Information on interest expenses to securities issued

None (31 December 2022: None).

###### 2.4 Interest expenses on deposit based on maturity of deposits

| Current Period<br>Account Description | Demand<br>Deposits | Time Deposits    |               |               |                |                       | Accumulating<br>Deposit<br>Accounts | Total          |
|---------------------------------------|--------------------|------------------|---------------|---------------|----------------|-----------------------|-------------------------------------|----------------|
|                                       |                    | Up to 1<br>Month | 1-3<br>Months | 3-6<br>Months | 6-12<br>Months | 1 Year<br>and<br>Over |                                     |                |
| <b>Turkish Lira</b>                   |                    |                  |               |               |                |                       |                                     |                |
| Bank Deposits                         | -                  | 1,686            | -             | -             | -              | -                     | -                                   | 1,686          |
| Saving Deposits                       | -                  | -                | -             | -             | -              | -                     | -                                   | -              |
| Public Sector Deposits                | -                  | -                | -             | -             | -              | -                     | -                                   | -              |
| Commercial Deposits                   | -                  | 60,517           | 2             | -             | -              | -                     | -                                   | 60,519         |
| Other                                 | -                  | -                | -             | -             | -              | -                     | -                                   | -              |
| "7 Days Notice" Deposits              | -                  | -                | -             | -             | -              | -                     | -                                   | -              |
| <b>Total</b>                          | <b>-</b>           | <b>62,203</b>    | <b>2</b>      | <b>-</b>      | <b>-</b>       | <b>-</b>              | <b>-</b>                            | <b>62,205</b>  |
| <b>Foreign Currency</b>               |                    |                  |               |               |                |                       |                                     |                |
| Foreign Currency Deposits             | -                  | 399              | -             | -             | -              | -                     | -                                   | 399            |
| Bank Deposits                         | -                  | 54,447           | 23,881        | 32,077        | 5,047          | 26,848                | -                                   | 142,300        |
| "7 Days Notice" Deposits              | -                  | -                | -             | -             | -              | -                     | -                                   | -              |
| Precious Metal Deposits               | -                  | -                | -             | -             | -              | -                     | -                                   | -              |
| <b>Total</b>                          | <b>-</b>           | <b>54,846</b>    | <b>23,881</b> | <b>32,077</b> | <b>5,047</b>   | <b>26,848</b>         | <b>-</b>                            | <b>142,699</b> |
| <b>Grand Total</b>                    | <b>-</b>           | <b>117,049</b>   | <b>23,883</b> | <b>32,077</b> | <b>5,047</b>   | <b>26,848</b>         | <b>-</b>                            | <b>204,904</b> |

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### IV. Explanations and disclosures related to income statement (Continued)

##### 2. Interest expenses (Continued)

##### 2.4 Interest expenses on deposit based on maturity of deposits (Continued)

| Prior Period<br>Account Description | Demand<br>Deposits | Up to 1<br>Month | Time Deposits |               |                |              | 1 Year<br>and<br>Over | Accumulating<br>Deposit<br>Accounts | Total         |
|-------------------------------------|--------------------|------------------|---------------|---------------|----------------|--------------|-----------------------|-------------------------------------|---------------|
|                                     |                    |                  | 1-3<br>Months | 3-6<br>Months | 6-12<br>Months |              |                       |                                     |               |
| <b>Turkish Lira</b>                 |                    |                  |               |               |                |              |                       |                                     |               |
| Bank Deposits                       | -                  | 847              | -             | -             | -              | -            | -                     | -                                   | 847           |
| Saving Deposits                     | -                  | -                | -             | -             | -              | -            | -                     | -                                   | -             |
| Public Sector Deposits              | -                  | -                | -             | -             | -              | -            | -                     | -                                   | -             |
| Commercial Deposits                 | -                  | 56,286           | 3,844         | -             | -              | -            | -                     | -                                   | 60,130        |
| Other                               | -                  | -                | -             | -             | -              | -            | -                     | -                                   | -             |
| "7 Days Notice" Deposits            | -                  | -                | -             | -             | -              | -            | -                     | -                                   | -             |
| <b>Total</b>                        | -                  | <b>57,133</b>    | <b>3,844</b>  | -             | -              | -            | -                     | -                                   | <b>60,977</b> |
| <b>Foreign Currency</b>             |                    |                  |               |               |                |              |                       |                                     |               |
| Foreign Currency Deposits           | -                  | 26               | -             | -             | -              | -            | -                     | -                                   | 26            |
| Bank Deposits                       | -                  | 1,585            | 3,145         | 995           | 297            | 1,217        | -                     | -                                   | 7,239         |
| "7 Days Notice" Deposits            | -                  | -                | -             | -             | -              | -            | -                     | -                                   | -             |
| Precious Metal Deposits             | -                  | -                | -             | -             | -              | -            | -                     | -                                   | -             |
| <b>Total</b>                        | -                  | <b>1,611</b>     | <b>3,145</b>  | <b>995</b>    | <b>297</b>     | <b>1,217</b> | -                     | -                                   | <b>7,265</b>  |
| <b>Grand Total</b>                  | -                  | <b>58,744</b>    | <b>6,989</b>  | <b>995</b>    | <b>297</b>     | <b>1,217</b> | -                     | -                                   | <b>68,242</b> |

##### 3. Information on dividend income

None (31 December 2021: None).

##### 4. Information on net trading income/loss

|  | Current Period    | Prior Period       |
|--|-------------------|--------------------|
| <b>Income</b>                              | <b>84,444,484</b> | <b>137,008,230</b> |
| Gains on Capital Market Operations         | -                 | -                  |
| Gains on Derivative Financial Instruments  | 1,451,315         | 1,144,577          |
| Foreign Exchange Gains                     | 82,993,169        | 135,863,653        |
| <b>Losses</b>                              | <b>84,030,567</b> | <b>136,882,767</b> |
| Losses on Capital Market Operations        | -                 | -                  |
| Losses on Derivative Financial Instruments | 1,066,760         | 1,092,168          |
| Foreign Exchange Losses                    | 82,963,807        | 135,790,599        |
| <b>Net Trading Income / ( Loss )</b>       | <b>413,917</b>    | <b>125,463</b>     |

##### 5. Information on other operating income

In the current period, TL 1,253 of other operating income amounting to TL 2,019 consists of the cancellation of the previous year's expense provision, and TL 766 consists of other income. (December 31, 2021: Of the other operating income amounting to TL 2,350 TL 1,803 consists of the cancellation of the previous year's expense provision, 547 TL consists of other income.)



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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### IV. Explanations and disclosures related to income statement (Continued)

##### 6. Provisions of impairment on loans and other receivables

|   | Current Period | Prior Period  |
|---|----------------|---------------|
| Expected Credit Losses  | 98,660         | 12,795        |
| <i>12-Month ECL (Stage 1)</i>   | <i>98,660</i>  | <i>12,190</i> |
| <i>Lifetime ECL Significant Increase in Credit Risk (Stage 2)</i>                 | -              | <i>605</i>    |
| <i>Lifetime ECL Impaired Credits (Stage 3)</i>                                    | -              | -             |
| Impairment Losses on Securities   | -              | -             |
| <i>Financial Assets Measured at Fair Value through Profit/Loss</i>                | -              | -             |
| <i>Financial Assets Measured at Fair Value through Other Comprehensive Income</i> | -              | -             |
| Impairment Losses on Associates, Subsidiaries and                                 | -              | -             |
| <i>Joint-ventures</i>   | -              | -             |
| <i>Associates</i>   | -              | -             |
| <i>Subsidiaries</i>   | -              | -             |
| Other(*)  | 23,923         | 8,626         |
| <b>Total</b>  | <b>122,583</b> | <b>21,421</b> |

(\*) Other expenses comprise of premium expenses amounting to TRY 21,500 (31 December 2021: TRY 8,118) and unused vacation provision expenses amounting to TRY 2,423 (31 December 2021: 508 TRY)

##### 7. Information related to other operating expenses

|  | Current Period | Prior Period  |
|--|----------------|---------------|
| Personnel Expenses   | 89,274         | 52,988        |
| Provision for Employee Termination Benefits                        | 3,564          | 667           |
| Provision for Bank's Social Aid Fund Deficit                       | -              | -             |
| Impairment Losses on Tangible Assets                               | -              | -             |
| Depreciation Charges of Tangible Assets                            | 4,185          | 3,176         |
| Impairment Losses on Intangible Assets                             | -              | -             |
| Amortization Charges of Intangible Assets                          | 2,837          | 2,300         |
| Goodwill Impairment Expense  | -              | -             |
| Impairment Losses on Investments Accounted for under Equity Method | -              | -             |
| Impairment of Assets to be Disposed                                | -              | -             |
| Depreciation of Assets to be Disposed                              | -              | -             |
| Impairment of Assets Held for Sale and Discontinued Operations     | -              | -             |
| Other Operating Expenses   | 31,421         | 18,615        |
| <i>Operational Lease Expenses</i>                                  | <i>366</i>     | <i>237</i>    |
| <i>Repair and Maintenance Expenses</i>                             | <i>250</i>     | <i>133</i>    |
| <i>Advertisement Expenses</i>                                      | <i>18</i>      | <i>14</i>     |
| <i>Other Expenses(*)</i>   | <i>30,787</i>  | <i>18,231</i> |
| Other(**)  | 23,005         | 13,970        |
| <b>Total</b>   | <b>154,286</b> | <b>91,716</b> |

(\*) Other expenses in other operating expenses comprise of TRY 16,265 information technology hardware and software expenses (31 December 2021: TRY 9,610), TRY 14,522 communication expenses (31 December 2021: TRY 8,621 and other expenses.)

(\*\*) Within the "other" item of other operating expenses consists of amounting to TRY 6,461 (31 December 2021: TRY 4,950) audit, consulting and consultancy service expenses, BITT expenses TRY 9,900 (31 December 2021: TRY 5,060) and operating fee expenses TRY 1,096 (31 December 2021: TRY 805).

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### III. Explanations and disclosures related to income statement (Continued)

##### 7. Information related to other operating expenses (Continued)

###### Fees for services received from independent auditor/independent audit firm:

|                              | 1 January-<br>31 December 2022 | 1 January-<br>31 December 2021 |
|------------------------------|--------------------------------|--------------------------------|
| Independent Audit Fee        | 1,219                          | 405                            |
| Tax Advisory Fee             | -                              | -                              |
| Other Assurance Services Fee | -                              | -                              |
| Non-Audit Services Fee       | 2                              | -                              |
| <b>Total</b>                 | <b>1,221</b>                   | <b>405</b>                     |

##### 8. Information on tax provision from continued and discontinued operations

###### 8.1 Current tax income or expense and deferred tax income and expense

The Bank's current tax expense is TL 216,279 (31 December 2021: TRY 90,729 expense). For the period ended 31 December 2022, the Bank recorded a deferred tax expense income effect of TL 33,612 (31 December 2021: TL 5,293 expense)

##### 9. Information on profit/loss from continued and discontinued operations

|   | Current Period | Prior Period   |
|---|----------------|----------------|
| Profit/(loss) before tax from continuing operations | 729,738        | 393,563        |
| Tax income/(expense) on continuing operations       | (182,667)      | (96,022)       |
| <b>Net profit/(loss) from continuing operations</b> | <b>547,071</b> | <b>297,541</b> |

##### 10. Information on net profit/loss for the period

10.1. If disclosure of the nature, size and recurrence rate of income and expense items arising from ordinary banking transactions is necessary to understand the Bank's performance during the period, the nature and amount of these items.

The Bank's income from ordinary banking transactions for the current and previous period consists of loan and placement interest income and other banking service income. The main expense sources are the interest expenses of deposit and borrowing items, which are the funding source of loans and placements.

10.2. The effect of a change in an estimation on financial statement items on profit/loss is stated in a way to cover those periods if it is probable that it will affect subsequent periods as well.

None (31 December 2021: None)

##### 11. If "other" lines of the income statement exceeds 10% of the period profit/loss, information on components making up at least 20% of "other" items

None (31 December 2021: None)

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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### V. Explanations on changes in shareholders' equity

There is no adjustment differences to equity for inflation.

None ( 31 December 2021: None)

There is not an increase from revaluation of available for sale assets.

None ( 31 December 2021: None)

There is not an increase from the cash flow hedge items.

None ( 31 December 2021: None)

There is not a reconciliation issue of foreign exchange differences between the beginning and ending period.

None ( 31 December 2021: None)

There is not a dividend declaration after the balance sheet date but before the issuance of the financial statements.

None (31 December 2021: None)

There is not an amount related with issuance of share certificates.

None (31 December 2021: None)

#### VI. Explanations and disclosures related to the statement of cash flows

##### 1. Information on cash and cash equivalents

Cash and cash equivalents components and accounting policies defining these components:

Cash, foreign currency cash, money on transfer, bank cheques in clearance and deposits in all banks including Central Bank of Turkey are defined as "Cash", and interbank money market placements, term placements with banks and investments on marketable securities all with original maturity of less than 3 months are defined as " Cash equivalents".

Cash and cash equivalents at the beginning of the period:

|  | 1 January 2022   | 1 January 2021   |
|--|------------------|------------------|
| Central Bank of Turkey                 | 1,511,970        | 891,717          |
| Banks and Other Financial Institutions | 542,038          | 776,824          |
| <b>Cash Equivalents</b>                | <b>2,054,008</b> | <b>1,668,541</b> |

Cash and cash equivalents at the end of the period:

|  | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
| Central Bank of Republic of Turkey     | 4,993,200        | 1,511,970        |
| Banks and Other Financial Institutions | 303,869          | 542,038          |
| <b>Cash Equivalents</b>                | <b>5,297,069</b> | <b>2,054,008</b> |

##### 2. Restricted cash and cash equivalents due to legal requirements or other reasons

In the current period, the Bank holds a balance at Takasbank as derivative collateral of 9,893,527 TL and 359,030 TL in an unlicensed account at the Central Bank of Turkey (31 December 2021: 4,200,995 TL and 177,901 TL Takasbank balance in the non-free account).

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### VI. Explanations and disclosures related to the statement of cash flows (Continued)

##### 3. Information on other item in cash flow statement and the effect of the exchange rate change on cash and cash equivalents

Other items amounting to TRY 205,628 in “Operating profit before changes in assets and liabilities” consists of other operating expenses, realized gains and losses on derivatives, foreign currency losses and impairment for loan losses (31 December 2021: TRY 169,999).

“Net increase in other liabilities” amounting to TRY 157,154 in “Changes in banking operations assets and liabilities” consists of changes in miscellaneous payables and taxes and dues payable (31 December 2021: TRY (101,645)).

“Net increase in other assets” amounting to TRY (181,234) in “Changes in assets and liabilities” consists of changes in current tax assets and other receivables. (31 December 2021: TRY (63,448) decrease).

As of 31 December 2022, the effect of the changes in the currency rates on cash and cash equivalents has been calculated approximately as TRY 67,723 (31 December 2021: TRY (156,787)) The effect of the currency rates on cash and cash equivalents is calculated by first finding the exchange difference between the date of the cash inflow and the balance sheet date and then multiplying it by the related inflow amount.

#### VII. Explanations on risk group of the Bank

##### 1. Information on the volume of transactions with the Bank’s risk group, lending and deposits outstanding at period end and income and expenses

###### 1.1 I nformation on loans belonging to the Bank's risk group

###### Current Period

| Bank's Risk Group (**)                 | Associates, Subsidiaries and Joint-Ventures |          | Bank's Direct and Indirect Shareholders |          | Other Real Persons and Legal Entities in Risk Group |          |
|--|---|----------|---|----------|---|----------|
|  | Cash  | Non-cash | Cash                                    | Non-cash | Cash  | Non-cash |
| Loans and Other Receivables (*)        |   |          |   |          |   |          |
| Balance at the Beginning of the Period | -   | -        | 57,387                                  | 360,312  | 44,553  | 327,733  |
| Balance at the End of the Period       | -   | -        | 70,963                                  | 443,759  | 42,539  | 416,619  |
| Interest and Commission Income         | -   | -        | -                                       | 1,548    | 45  | 2,198    |

(\*) Including described in article 48 of the Banking Act No: 5411.

(\*\*) Described in article 49 of the Banking Act No: 5411.

###### Prior Period

| Bank's Risk Group (**)                 | Associates, Subsidiaries and Joint-Ventures |          | Bank's Direct and Indirect Shareholders |          | Other Real Persons and Legal Entities in Risk Group |          |
|--|---|----------|---|----------|---|----------|
|  | Cash  | Non-cash | Cash                                    | Non-cash | Cash  | Non-cash |
| Loans and Other Receivables (*)        |   |          |   |          |   |          |
| Balance at the Beginning of the Period | -   | -        | 9,589                                   | 170,092  | 390,021   | 144,924  |
| Balance at the End of the Period       | -   | -        | 57,387                                  | 360,312  | 44,553  | 327,733  |
| Interest and Commission Income         | -   | -        | -                                       | 513      | 29,060  | 966      |

(\*) Including described in article 48 of the Banking Act No: 5411..

(\*\*) Described in article 49 of the Banking Act No: 5411.

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### VII. Explanations on risk group of the Bank (Continued)

##### 1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses (Continued)

###### 1.2 Information on deposits to the Bank's risk group

|  | Associates, Subsidiaries and Joint-Ventures |              | Bank's Direct and Indirect Shareholders |              | Other Real Persons and Legal Entities in Risk Group |              |
|--|---|--------------|---|--------------|---|--------------|
|  | Current Period                              | Prior Period | Current Period                          | Prior Period | Current Period                                      | Prior Period |
| <b>Bank's Risk Group (*)</b>           |   |              |   |              |   |              |
| Deposit                                |   |              |   |              |   |              |
| Balance at the beginning of the period | -   | -            | -                                       | -            | 8,312,226   | 3,853,762    |
| Balance at the end of the period       | -   | -            | -                                       | -            | 11,381,385  | 8,312,226    |
| Interest expenses                      | -   | -            | -                                       | -            | 151,103   | 18,44        |

(\*) Described in article 49 of the Banking Act No: 5411.

###### 1.3 Information on funds obtained from Bank's risk group

|  | Associates, Subsidiaries and Joint-Ventures |              | Bank's Direct and Indirect Shareholders |              | Other Real Persons and Legal Entities in Risk Group |              |
|--|---|--------------|---|--------------|---|--------------|
|  | Current Period                              | Prior Period | Current Period                          | Prior Period | Current Period                                      | Prior Period |
| <b>Bank's Risk Group (*)</b>           |   |              |   |              |   |              |
| Funds Borrowed                         |   |              |   |              |   |              |
| Balance at the beginning of the period | -   | -            | -                                       | -            | 11,030,696  | 7,529,087    |
| Balance at the end of the period       | -   | -            | -                                       | -            | 20,857,687  | 11,030,696   |
| Interest expense                       | -   | -            | -                                       | -            | 161,461   | 20,012       |

(\*) Described in article 49 of the Banking Act No: 5411.

###### 1.4 Information on forward and option agreements and similar agreements made with Bank's risk group

|  | Associates, Subsidiaries and Joint-Ventures |              | Bank's Direct and Indirect Shareholders |              | Other Real Persons and Legal Entities in Risk Group |              |
|--|---|--------------|---|--------------|---|--------------|
|  | Current Period                              | Prior Period | Current Period                          | Prior Period | Current Period                                      | Prior Period |
| <b>Bank's Risk Group (*)</b>   |   |              |   |              |   |              |
| Derivative financial instruments at fair value through profit or loss: |   |              |   |              |   |              |
| Balance at the beginning of the period                                 | -   | -            | 712,240                                 | -            | 10,007,617  | 5,029,832    |
| Balance at the end of the period                                       | -   | -            | 73,667                                  | 712,240      | 2,383,863   | 10,007,617   |
| Total profit/(loss)  | -   | -            | (147)                                   | (222)        | 11,682  | 2,772        |

(\*) Described in article 49 of the Banking Act No: 5411.

##### 2. Information on transactions with the Bank's risk group

###### 2.1 Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties

None (31 December 2021: None)

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### INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### VII. Explanations on risk group of the Bank (Continued)

##### 2. Information on transactions with the Bank's risk group (Continued)

##### 2.2 In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

The amount of loans and other receivables of the risk group, which is 113,502 TRY, constitutes less than 1 % of the total loans and other receivables (31 December 2021: The amount of loans and other receivables of the risk group, which is 101,940 TRY, constitutes less than 1% of the total loans and other receivables). Non-cash loans of the risk group amounting to TRY 860,378 constitute 38 % of the total non-cash loans (31 December 2021: Non-cash loans of the risk group amounting to TRY 688,045 constitute 26% of the total non-cash loans). The total of the Bank's short and long-term loans of TRY 20,857,687 from the risk group constitutes 100% of the loans received. (December 31, 2021: The Bank's short and long-term loans amounting to TRY 11,030,696 from the risk group constitute 100% of the loans received). The amount of payment made to the key managers of the bank is TRY 4,489 as of December 31, 2021 (December 31, 2021: TRY 2,600).

#### VIII. Explanations on the Bank's domestic, foreign, off-shore branches or investments in associates and foreign representative offices

|                                   | Number | Number of Employees |         | Total Assets | Statutory Share Capital |
|-----------------------------------|--------|---------------------|---------|--------------|-------------------------|
| Domestic Branch                   | 1      | 80                  |         |              |                         |
| Foreign Representative Offices    |        |                     | Country |              |                         |
|                                   |        |                     | 1-      |              |                         |
|                                   |        |                     | 2-      |              |                         |
|                                   |        |                     | 3-      |              |                         |
| Foreign Branches                  |        |                     |         |              |                         |
|                                   |        |                     | 1-      |              |                         |
|                                   |        |                     | 2-      |              |                         |
| Off-shore Banking Region Branches |        |                     |         |              |                         |
|                                   |        |                     | 3-      |              |                         |
|                                   |        |                     | 1-      |              |                         |
|                                   |        |                     | 2-      |              |                         |
|                                   |        |                     | 3-      |              |                         |

#### IX. Explanations and disclosures related to subsequent events

Due to the negativities caused by the earthquakes centered in Kahramanmaraş, affecting many of our provinces and shaking our whole country. A state of emergency involving 10 provinces in the region has been declared. Developments regarding the said natural disaster are closely monitored and no significant adverse effects are expected on the Bank's financials in the short term.

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Convenience translation of publicly announced unconsolidated financial statements, related disclosures originally issued in Turkish, See Note I. of Section three

# MUFG BANK TURKEY A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY-31 DECEMBER 2022

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

### SECTION SIX

#### OTHER EXPLANATIONS

**I. Other explanations**

None.

### SECTION SEVEN

#### EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

**I. Explanations on independent auditor's report**

Unconsolidated financial statements as of 31 December 2022 and for the period ending on the same date are prepared by PwC Independent Auditing and Independent Accountant Mali Müşavirlik A.Ş. and the independent audit report dated 01/03/23 is presented before the unconsolidated financial statements.

**II. Explanations on notes prepared by independent auditors**

None.









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