TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Financial Statements
As of and For the Year Ended
31 December 2021
With Independent Auditors' Report Thereon
(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)

KPMG

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Convenience Translation of the Independent Auditor's Report Originally Prepared and Issued in Turkish to English

To the Shareholders of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi ("the Bank") and its subsidiaries (together will be referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2021 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi and its subsidiaries as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "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 and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA *(including Independence Standards)* ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of loans measured at amortised cost

Refer to Section III, Note IX to the consolidated financial statements relating to the details of accounting policies and significant judgments of for impairment of loans measured at amortised cost.

Key audit matter	*How the matter is addressed in our audit*
As of 31 December 2021, loans amount comprise 77% of Group's total assets. The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard"). As of 1 January 2019, due to the new adoption of the Standard, in determining the impairment of financial assets the Bank started to apply "expected credit loss model" instead of the "incurred loss model". The new model contains significant assumptions and estimates. The significant assumptions and estimates of the Bank's management are as follows: • determination of significant increase in credit risk since initial recognition of loans in financial statements. • incorporating the forward looking macroeconomic information in calculation of credit risk.	Our procedures for auditing the impairment of loans measured at amortised cost include below: • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank's impairment accounting policy compared with the Regulation and Standard. • We evaluated the model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialists. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. in this context, the current status of the loan customer has been evaluated by including the impact of

• design and implementation of expected credit loss model. The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets. The Group calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the fair value of the collateral provided for credit transactions. The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models. Impairment on loans measured at amortised cost is determined as a key audit matter, due to the significance of the estimates, assumptions including the impact of COVID-19 pandemic, the level of judgements and its complex structure as explained above.	COVID 19 on prospective information and macroeconomic variables. • We evaluated the accuracy of the expected credit loss calculations for the loans which are assessed on individual basis including the impact of COVID-19 on the assumptions and estimates. • We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. • We assessed the macroeconomic models that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. • We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk. • We evaluated the adequacy of the disclosures in the consolidated financial statements related to impairment provisions .

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

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

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

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

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

Responsibilities of auditors in an audit are as follows:

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

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2021 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova
Partner, SMMM

8 February 2022
İstanbul, Türkiye

THE CONSOLIDATED FINANCIAL REPORT OF TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş. OF 31 DECEMBER 2021

The Headquarters Address	Saray Mahallesi Dr.Adnan Büyükdeniz Cad. No:10 Ümraniye / İSTANBUL
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Website Address	http://www.kalkinma.com.tr
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The consolidated financial report for the year ended prepared in accordance with the "Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, consists of the following sections:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WHICH IS UNDER CONSOLIDATION
- DISCLOSURES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

The subsidiaries whose financial statements are consolidated within the framework of this financial report are as follows:

Subsidiaries
Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.
Kalkınma Yatırım Varlık Kiralama A.Ş.

The accompanying consolidated financial statements and notes to these financial statements for the year ended which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited.

Dr. Raci KAYA **Chairman of the Board**	**İbrahim H. ÖZTOP** **CEO and Board Member**	**Dr. Turgay GEÇER** **Chairman of Audit Committee**

S. Balcı

Erdal ERDEM **Deputy Chairman of Audit Committee**	**Abdullah BAYAZIT** **Member of Audit Committee**	**Satı BALCI** **Executive Vice President Responsible for Financial Reporting**	**Aydın TOSUN** **Head of Financial Affairs**

Information on the authorized personnel to whom questions related to this financial report may be directed:

Name Surname/Title : Atila ALPTEKİN / Finance Manager
Tel No : 0 216 636 88 87

SECTION ONE
General Information

SECTION TWO
Consolidated Financial Statements

SECTION THREE
Accounting Policies

SECTION FOUR
Information on Financial Structure and Risk Management

SECTION FIVE
Explanations and Notes Related to the Consolidated Financial Statements

SECTION SIX
Other Explanations

SECTION SEVEN
Independent Auditors' Report

SECTION ONE

GENERAL INFORMATION

I. Establishment Date of the Parent Bank, Initial Articles of Association, History of the Parent Bank Including the Changes of These Articles:

The Parent Bank was established on 27 November 1975 according to the Decree Based on Law numbered 13 as a related institution of the Ministry of Trade and Technology with the legal title of "Devlet Sanayi ve İşçi Yatırım Bankası A.Ş.". Some adjustments were made on the status of the Bank with the Decree Based on Law numbered 165 dated 14 November 1983.

On 15 July 1988, its legal title was changed to Türkiye Kalkınma Bankası A.Ş. by being associated to the Prime Ministry in the context of the Decree Law numbered 329 and in parallel with the developments in its activities. The Bank had become a development and investment bank that provides financing support to companies in tourism sector as well as trade sector by taking over T.C. Turizm Bankası A.Ş. with all of its assets and liabilities with the decision of Supreme Planning Council dated 20 January 1989 and numbered 89/T-2. Also with the Decree Law numbered 401 dated 12 February 1990, some of the articles related to the Bank status were changed.

With the Law dated 14 October 1999 and numbered 4456, Decree Law numbered 13, 165, 329 and 401 were revoked and the establishment and operating principles of the Parent Bank were rearranged.

Türkiye Kalkınma ve Yatırım Bankası A.Ş. Law dated 24 October 2018 and numbered 7147 was abolished and the Law dated 14 October 1999 and numbered 4456 was revoked. The Parent Bank's name was changed to Türkiye Kalkınma ve Yatırım Bankası A.Ş with the law numbered 7147.

II. Capital Structure of the Parent Bank, Shareholders that Retain Direct or Indirect Control and Management of the Bank Solely or Together, Changes about These Issues During the Year And Disclosures about the Group:

The capital ceiling of the Parent Bank which is subject to registered capital system is TL 10.000.000. The issued capital within the registered capital is TL 2.000.000 (The Parent Bank's capital consists of 200 billion shares with par value of TL 0,01 each), and the shareholders and their shares in the issued capital are shown below:

Shareholders	Share Amount (Thousand TL)	Share (%)	Paid -in Capital (Thousand TL)	Unpaid Capital (Thousand TL)
Republic of Turkey Ministry of Treasury and Finance	1.981.631	99,08	1.981.631	-
Other Shareholders (*)	18.369	0,92	18.369	-
Total	**2.000.000**	**100,00**	**2.000.000**	**-**

(*) Includes all institutions and individuals and shares of those shareholders are traded in Borsa İstanbul, therefore, number of shareholders can't not be known.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III. Explanations Regarding the Parent Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents And Their Shares Attributable to the Parent Bank, if any:

Chairman and Members of the Board of Directors (*):

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector(Years)
Dr. Raci KAYA	Chairman of the Board	09.11.2020	Doctorate	31
Dr. Hakan ERTÜRK	Deputy Chairman of the Board	22.10.2021	Doctorate	21
İbrahim H. ÖZTOP	CEO and Board Member	13.12.2018	Master's Degree	26
Salim Can KARAŞIKLI	Board Member	13.12.2018	Bachelor's Degree	27
Dr. Turgay GEÇER	Board Member	27.05.2019	Doctorate	30
Erdal ERDEM	Board Member	10.07.2020	Bachelor's Degree	25
Abdullah BAYAZIT	Board Member	10.07.2020	Master's Degree	16

(*) Deputy Chairman of the Board of Directors Murat ZAMAN resigned from his duties in the Bank as of 22 October 2021. With the decision of the Bank's Board of Directors dated 22 October 2021, Hakan ERTÜRK was elected for the vacant position as the Board Member and Deputy Chairman of the Board of Directors.

General Manager, Executive Vice Presidents:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
İbrahim H. ÖZTOP	General Manager / Corporate Banking and Project Finance, IT Application Development, IT System and Infrastructure, Strategy Organization and Process Management, CEO and Board of Directors Office Services and all other areas	16.08.2018	Master's Degree	26
Zekai IŞILDAR	EVP/ Human Resources, Support Services	30.01.2009	Bachelor's Degree	34
Satı BALCI	EVP/ Subsidiaries and Corporate Relations, Financial Affairs, Loan Operations, Treasury and Capital Market Operations, Turkey Development Fund	07.11.2017	Bachelor's Degree	33
Ufuk Bala YÜCEL	EVP/ Loan Allocation, Loan Monitoring, Legal Affairs	01.02.2019	Master's Degree	33
Seçil KIZILKAYA YILDIZ	EVP/ Financial Analysis and Valuation, Engineering, Economic Research, Sectoral Research, Mergers and Acquisition Advisory, Capital Markets Advisory, Financial Advisory, Corporate Communications, Sustainability and Environmental Social Impact Management	08.03.2019	Bachelor's Degree	22
Emine Özlem CİNEMRE	EVP/ Treasury, Financial Institutions, Development Finance Institutions, Development Cooperation and Wholesale Banking	20.05.2019	Bachelor's Degree	34

Chief Internal Inspector:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Dr. Kaan Ramazan ÇAKALI	Chief Internal Inspector	27.05.2019	Doctorate	19

Executives mentioned above do not own any shares of the Bank in the part which is not publicly traded.

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

IV. Information About Persons And Institutions that Have Qualified Shares Attributable to the Parent Bank:

Republic of Turkey Ministry of Treasury and Finance owns 99,08% of the shares of the Parent Bank.

V. Summary of Functions and Lines of Activities of the Parent Bank:

As an investment and development bank of Türkiye Kalkınma ve Yatırım Bankası A.Ş.'s operating areas are supporting investments and projects for sustainable growth, ensuring the efficient use of capital and fund resources, financing domestic, international and international joint investments, and profit partnership or lease-based loan transactions by using modern development and investment banking tools in line with our country's development goals, to ensure that all development and investment banking functions can be performed in a competitive, dynamic and effective manner.

VI. Information on Application Differences Between Consolidation Practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, and Entities Subject to Full or Proportional Consolidation or Deducted From Equity or Not Subject to Any of These Three Methods:

Since Kalkınma Yatırım Menkul Değerler A.Ş. which is the subsidiary of the Parent Bank is in liquidation process, the Parent Bank has lost control over its subsidiary in accordance with the related provisions of TAS and TFRS and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been reclassified to financial assets measured at fair value through other comprehensive income.

The Parent Bank has participated 100% in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL 50 and a 100% participation in the Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi established on 17 November 2020 with a nominal capital of TL 1.800.

In accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi and Kalkınma Yatırım Varlık Kiralama Anonim Şirketi are consolidated in the consolidated financial statements by full consolidation method as of 31 December 2020.

According to the Paragraph 4th of Article 6th of Law dated 24 October 2018 and numbered 7147 about Türkiye Kalkınma ve Yatırım Bankası A.Ş., the Parent Bank is not subject to the provisions of the Banking Law No. 5411 and the Consolidated Audit and Consolidated Financial Reporting in the relevant legislation due to its shares in Türkiye Kalkınma Fonu of which the Bank is the founder.

Since the Bank's associates are not financial institutions, they are not consolidated using the equity method in the consolidated financial statements within the scope of the Communiqué on the Preparation of Consolidated Financial Statements of Banks.

VII. Current or Likely Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts Between the Parent Bank and Its Subsidiaries:

As explained above, Kalkınma Yatırım Menkul Değerler A.Ş. is in liquidation process, and transfer of equity is expected to be made at the end of the liquidation process.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Consolidated Balance Sheet (Statement of Financial Position) As of 31 December 2021
(Thousands of Turkish Lira (TL) unless otherwise stated)

I.	CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five I)	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
	ASSETS		TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (NET)	(1)	4.932.631	3.488.917	8.421.548	3.518.996	2.622.919	6.141.915
1.1	Cash and Cash Equivalents		3.939.038	328.579	4.267.617	2.943.934	2.112.671	5.056.605
1.1.1	Cash and Balances with Central Bank		2.051	-	2.051	1.126	-	1.126
1.1.2	Banks		2.950.096	328.579	3.278.675	1.451.253	2.112.671	3.563.924
1.1.3	Money Markets		993.282	-	993.282	1.500.739	-	1.500.739
1.1.4	Expected Credit Loss (-)		(6.391)	-	(6.391)	(9.184)	-	(9.184)
1.2	Financial Assets Measured at Fair Value Through Profit or Loss		7.124	213.743	220.867	-	119.725	119.725
1.2.1	Government Securities		-	-	-	-	-	-
1.2.2	Equity Securities		-	213.743	213.743	-	119.725	119.725
1.2.3	Other Financial Assets		7.124	-	7.124	-	-	-
1.3	Financial Assets Measured at Fair Value Through Other Comprehensive Income		986.104	2.946.595	3.932.699	575.019	390.523	965.542
1.3.1	Government Securities		959.627	1.720.811	2.680.438	549.917	345.964	895.881
1.3.2	Equity Securities		16.477	-	16.477	14.990	-	14.990
1.3.3	Other Financial Assets		10.000	1.225.784	1.235.784	10.112	44.559	54.671
1.4	Derivative Financial Assets		365	-	365	43	-	43
1.4.1	Derivative Financial Assets Measured at Fair Value Through Profit or Loss		365	-	365	43	-	43
1.4.2	Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)	(2)	2.613.432	37.092.441	39.705.873	1.194.875	20.580.110	21.774.985
2.1	Loans		3.239.180	34.244.039	37.483.219	1.415.404	18.987.319	20.402.723
2.2	Lease Receivables		-	-	-	30	-	30
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortised Cost		163.990	2.848.402	3.012.392	124.551	1.592.791	1.717.342
2.4.1	Government Securities		163.990	2.848.402	3.012.392	124.551	1.592.791	1.717.342
2.4.2	Other Financial Assets		-	-	-	-	-	-
2.5	Expected Credit Loss (-)		(789.738)	-	(789.738)	(345.110)	-	(345.110)
III.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(3)	-	-	-	-	-	-
3.1	Held for Sale Purpose		-	-	-	-	-	-
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	(4)	10.119	-	10.119	18.693	-	18.693
4.1	Associates (Net)		10.119	-	10.119	18.693	-	18.693
4.1.1	Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Financial Subsidiaries		10.119	-	10.119	18.693	-	18.693
4.2	Subsidiaries (Net)		-	-	-	-	-	-
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3	Joint Ventures (Net)		-	-	-	-	-	-
4.3.1	Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	(8)	27.953	-	27.953	46.139	-	46.139
VI.	INTANGIBLE ASSETS (Net)	(9)	21.875	-	21.875	17.744	-	17.744
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		21.875	-	21.875	17.744	-	17.744
VII.	INVESTMENT PROPERTY (Net)	(10)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET	(11)	-	-	-	-	-	-
IX.	DEFERRED TAX ASSET	(12)	95.678	-	95.678	18.054	-	18.054
X.	OTHER ASSETS	(14)	26.173	69.511	95.684	23.401	30.807	54.208
	TOTAL ASSETS		7.727.861	40.650.869	48.378.730	4.837.902	23.233.836	28.071.738

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Consolidated Balance Sheet (Statement of Financial Position) As of 31 December 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

I.	CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes Section Five II)	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
	LIABILITIES		TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	-	-	-	-	-	-
II.	FUNDS BORROWED	(2)	2.324.263	35.586.672	37.910.935	782.206	20.980.533	21.762.739
III.	MONEY MARKET FUNDS	(3)	629.707	-	629.707	203.850	-	203.850
IV.	SECURITIES ISSUED (Net)	(4)	51.882	-	51.882	-	-	-
4.1	Bills		-	-	-	-	-	-
4.2	Asset Backed Securities		51.882	-	51.882	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	FUNDS	(5)	463.536	1.065.255	1.528.791	121.079	124.137	245.216
5.1	Borrower Funds		443.427	319.769	763.196	102.413	61.625	164.038
5.2	Other		20.109	745.486	765.595	18.666	62.512	81.178
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(6)	-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(7)	26.693	-	26.693	47	-	47
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		26.693	-	26.693	47	-	47
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	FACTORING LIABILITES	(8)	-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(9)	10.479	-	10.479	13.575	-	13.575
X.	PROVISIONS	(11)	73.649	-	73.649	51.063	-	51.063
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		50.974	-	50.974	39.048	-	39.048
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		22.675	-	22.675	12.015	-	12.015
XI.	CURRENT TAX LIABILITY	(12)	25.194	-	25.194	45.281	-	45.281
XII.	DEFERRED TAX LIABILITY	(13)	-	-	-	-	-	-
XIII.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(14)	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(15)	-	3.350.857	3.350.857	-	1.993.243	1.993.243
14.1	Borrowings		-	3.350.857	3.350.857	-	1.993.243	1.993.243
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	OTHER LIABILITIES	(16)	86.863	218.043	304.906	47.721	121.061	168.782
XVI.	SHAREHOLDERS' EQUITY	(17)	4.498.936	(33.299)	4.465.637	3.577.537	10.405	3.587.942
16.1	Paid-in capital		2.000.000	-	2.000.000	1.600.000	-	1.600.000
16.2	Capital Reserves		209.821	-	209.821	209.757	-	209.757
16.2.1	Share Premium		3.747	-	3.747	3.683	-	3.683
16.2.2	Share Cancellation Profits			-			-	-
16.2.3	Other Capital Reserves		206.074	-	206.074	206.074	-	206.074
16.3	Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		(998)	-	(998)	(348)	-	(348)
16.4	Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		10.040	(33.299)	(23.259)	4.509	10.405	14.914
16.5	Profit Reserves		1.463.876	-	1.463.876	1.262.036	-	1.262.036
16.5.1	Legal Reserves		94.604	-	94.604	69.512	-	69.512
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		1.315.798	-	1.315.798	1.183.750	-	1.183.750
16.5.4	Other Profit Reserves		53.474	-	53.474	8.774	-	8.774
16.6	Profit or (Loss)		816.197	-	816.197	501.583	-	501.583
16.6.1	Prior Periods' Profit or (Loss)		(270)	-	(270)	-	-	-
16.6.2	Current Period Profit or (Loss)		816.467	-	816.467	501.583	-	501.583
16.7	Minority Shares		-	-	-	-	-	-
	TOTAL LIABILITIES		8.191.202	40.187.528	48.378.730	4.842.359	23.229.379	28.071.738

The accompanying explanations and notes form an part of these financial statements.

(Thousand of Turkish Lira (TL) unless otherwise stated)

	II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	**Notes (Section Five III)**	**Audited Current Period 31 December 2021**			**Audited Prior Period 31 December 2020**		
			TL	**FC**	**Total**	**TL**	**FC**	**Total**
A.	**OFF-BALANCE SHEET COMMITMENTS (I+II+III)**		**2.387.722**	**8.442.355**	**10.830.077**	**4.822.190**	**4.407.441**	**9.229.631**
I.	**GUARANTEES AND WARRANTIES**	**(1)**	**53.172**	**2.252.675**	**2.305.847**	**54.826**	**675.830**	**730.656**
1.1.	Letters of Guarantee		53.172	1.869.236	1.922.408	54.826	642.008	696.834
1.1.1.	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations		1	-	1	2	-	2
1.1.3.	Other Letters of Guarantee		53.171	1.869.236	1.922.407	54.824	642.008	696.832
1.2.	Bank Acceptances		-	-	-	-	-	-
1.2.1.	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		-	54.972	54.972	-	33.822	33.822
1.3.1.	Documentary Letters of Credit		-	-	-	-	-	-
1.3.2.	Other Letters of Credit		-	54.972	54.972	-	33.822	33.822
1.4.	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7.	Factoring Guarantees		-	-	-	-	-	-
1.8.	Other Guarantees		-	328.467	328.467	-	-	-
1.9.	Other Collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**	**(1,3)**	**1.916.978**	**4.052.963**	**5.969.941**	**4.752.554**	**3.692.960**	**8.445.514**
2.1.	Irrevocable Commitments		269.737	133.925	403.662	-	24.399	24.399
2.1.1.	Asset Purchase and Sale Commitments		32.861	102.069	134.930	-	-	-
2.1.2.	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4.	Loan Granting Commitments		-	-	-	-	-	-
2.1.5.	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7.	Commitments for Cheques		-	-	-	-	-	-
2.1.8.	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9.	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10.	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		236.876	31.856	268.732	-	24.399	24.399
2.2.	Revocable Commitments		1.647.241	3.919.038	5.566.279	4.752.554	3.668.561	8.421.115
2.2.1.	Revocable Loan Granting Commitments		1.647.241	3.919.038	5.566.279	4.752.554	3.668.561	8.421.115
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(2)**	**417.572**	**2.136.717**	**2.554.289**	**14.810**	**38.651**	**53.461**
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		417.572	2.136.717	2.554.289	14.810	38.651	53.461
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	14.810	38.651	53.461
3.2.1.1	Forward Foreign Currency Transactions-Buy		-	-	-	7.424	19.324	26.748
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	-	-	7.386	19.327	26.713
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		417.572	2.136.717	2.554.289	-	-	-
3.2.2.1	Foreign Currency Swap-Buy		417.572	846.860	1.264.432	-	-	-
3.2.2.2	Foreign Currency Swap-Sell		-	1.289.857	1.289.857	-	-	-
3.2.2.3	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGES RECEIVED (IV+V+VI)**		**11.329.202**	**95.510.930**	**106.840.132**	**5.013.406**	**43.781.832**	**48.795.238**
IV.	**ITEMS HELD IN CUSTODY**		**336.689**	**-**	**336.689**	**195.460**	**-**	**195.460**
4.1.	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		336.689	-	336.689	195.460	-	195.460
4.3.	Checks Received for Collection		-	-	-	-	-	-
4.4.	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5.	Other Assets Received for Collection		-	-	-	-	-	-
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		-	-	-	-	-	-
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGES RECEIVED**		**10.992.513**	**95.510.930**	**106.503.443**	**4.817.946**	**43.781.832**	**48.599.778**
5.1.	Marketable Securities		842.803	-	842.803	587.780	-	587.780
5.2.	Guarantee Notes		29.532	6.872.286	6.901.818	13.406	4.316.246	4.329.652
5.3.	Commodity		-	-	-	-	-	-
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovable		9.711.005	72.054.301	81.765.306	3.779.752	28.079.463	31.859.215
5.6.	Other Pledged Items		167.279	12.667.237	12.834.516	166.364	8.767.569	8.933.933
5.7.	Pledged Items-Depository		241.894	3.917.106	4.159.000	270.644	2.618.554	2.889.198
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**13.716.924**	**103.953.285**	**117.670.209**	**9.835.596**	**48.189.273**	**58.024.869**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Consolidated Statement of Profit or Loss For the Year Ended 31 December 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS		Notes (Section Fine IV)	Audited	
			Current Period 1 January-31 December 2021	Prior Period 1 January-31 December 2020
I.	INTEREST INCOME	(1)	2.220.127	1.216.379
1.1	Interest on Loans		1.373.963	811.131
1.2	Interest on Reserve Requirements		-	-
1.3	Interest on Banks		372.703	135.705
1.4	Interest on Money Market Transactions		139.605	81.075
1.5	Interest on Marketable Securities Portfolio		333.814	188.423
1.5.1	Fair Value Through Profit or Loss		-	-
1.5.2	Fair Value Through Other Comprehensive Income		181.250	102.497
1.5.3	Measured at Amortised Cost		152.564	85.926
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		42	45
II.	INTEREST EXPENSE (-)	(2)	(843.031)	(479.060)
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		(772.495)	(465.361)
2.3	Interest Expense on Money Market Transactions		(40.437)	(5.737)
2.4	Interest on Securities Issued		-	-
2.5	Measured at Amortised Expense		(2.498)	(3.061)
2.6	Other Interest Expenses		(27.601)	(4.901)
III.	NET INTEREST INCOME (I - II)		1.377.096	737.319
IV.	NET FEES AND COMMISSIONS INCOME		48.785	20.623
4.1	Fees and Commissions Received		64.745	31.144
4.1.1	Non-cash Loans		15.562	3.705
4.1.2	Other		49.183	27.439
4.2	Fees and Commissions Paid		(15.960)	(10.521)
4.2.1	Non-cash Loans		-	-
4.2.2	Other		(15.960)	(10.521)
V.	DIVIDEND INCOME	(3)	105.974	5.556
VI.	TRADING PROFIT / (LOSS) (Net)	(4)	69.153	10.063
6.1	Trading Gains / (Losses) on Securities		20.338	5.987
6.2	Gains / (Losses) on Derivative Financial Transactions		(744)	(63.527)
6.3	Foreign Exchange Gains / (Losses)		49.559	67.603
VII.	OTHER OPERATING INCOME	(5)	106.177	176.264
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		1.707.185	949.825
IX.	EXPECTED CREDIT LOSS (-)	(6)	(488.184)	(165.986)
X.	OTHER PROVISION EXPENSE (-)		(44.222)	(36.281)
XI.	PERSONNEL EXPENSE (-)		(98.498)	(81.346)
XII.	OTHER OPERATING EXPENSES (-)	(7)	(61.258)	(45.761)
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		1.015.023	620.451
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+…+XVI)	(8)	1.015.023	620.451
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(198.556)	(118.868)
18.1	Current Tax Provision		(257.424)	(143.198)
18.2	Deferred Tax Income Effect (+)		-	-
18.3	Deferred Tax Expense Effect (-)		58.868	24.330
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(10)	816.467	501.583
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/(LOSS) (XIX+XXIV)	(11)	816.467	501.583
24.1	Group Profit / Loss		816.467	501.583
24.2	Minority Shares Profit / Loss (-)		-	-
	Earning/(Loss) per share (in TL full)		0,004	0,006

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

(Thousand of Turkish Lira (TL) unless otherwise stated)

IV.	**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**	**Audited Current Period 1 January-31 December 2021**	**Audited Prior Period 1 January-31 December 2020**
I.	CURRENT PERIOD PROFIT/LOSS	**816.467**	**501.583**
II.	OTHER COMPREHENSIVE INCOME	**(38.823)**	**(21.790)**
2.1	**Not Reclassified to Profit or Loss**	**(650)**	**(500)**
2.1.1	Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(813)	(625)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	163	125
2.2	**Reclassified to Profit or Loss**	**(38.173)**	**(21.290)**
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(56.766)	(26.571)
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	18.593	5.281
III.	TOTAL COMPREHENSIVE INCOME (I+II)	**777.644**	**479.793**

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

(Thousand of Turkish Lira (TL) unless otherwise stated)

	V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate Cancel Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income/ (Loss)	Total Equity Excluding Minority Shares	Minority Shares	Total Equity
						1	2	3	4	5	6						
	PRIOR PERIOD 31 December 2020																
I.	**Balance at the beginning of the period**	**850.000**	**1.983**	**-**	**206.074**	**-**	**152**	**-**	**-**	**36.204**	**-**	**682.612**	**579.388**	**-**	**2.356.413**	**-**	**2.356.413**
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)**	**850.000**	**1.983**	**-**	**206.074**	**-**	**152**	**-**	**-**	**36.204**	**-**	**682.612**	**579.388**	**-**	**2.356.413**	**-**	**2.356.413**
IV.	Total comprehensive income (loss)	-	-	-	-		(500)	-	-	(21.290)	-	-	-	501.583	479.793	-	479.793
V.	Capital increase in cash	750.000	-	-	-	-	-	-	-	-	-	-	-	-	750.000	-	750.000
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	1.700	-	-	-	-	-	-	-	-	36	-	-	1.736	-	1.736
XI.	**Profit distribution**	-	-	-	-	-	-	-	-	-	-	579.388	(579.388)	-	-	-	-
11.1	Dividents distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	579.388	(579.388)	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances (III+IV+…..+X+XI)	**1.600.000**	**3.683**	**-**	**206.074**	**-**	**(348)**	**-**	**-**	**14.914**	**-**	**1.262.036**	**-**	**501.583**	**3.587.942**	**-**	**3.587.942**
	CURRENT PERIOD 31 December 2021																
I.	**Balance at the beginning of the period**	**1.600.000**	**3.683**	**-**	**206.074**	**-**	**(348)**	**-**	**-**	**14.914**	**-**	**1.262.036**	**501.583**	**-**	**3.587.942**	**-**	**3.587.942**
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)**	**1.600.000**	**3.683**	**-**	**206.074**	**-**	**(348)**	**-**	**-**	**14.914**	**-**	**1.262.036**	**501.583**	**-**	**3.587.942**	**-**	**3.587.942**
IV.	Total comprehensive income (loss)	-	-	-	-		(650)	-	-	(38.173)	-	-	-	816.467	777.644	-	777.644
V.	Capital increase in cash	100.000	64	-	-	-	-	-	-	-	-	-	-	-	100.064	-	100.064
VI.	Capital increase through internal reserves	300.000	-	-	-	-	-	-	-	-	-	(300.000)	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	(13)	-	(13)	-	(13)
XI.	**Profit distribution**	-	-	-	-	-	-	-	-	-	-	501.840	(501.840)	-	-	-	-
11.1	Dividents distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	501.840	(501.840)	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances (III+IV+…..+X+XI)	**2.000.000**	**3.747**	**-**	**206.074**	**-**	**(998)**	**-**	**-**	**(23.259)**	**-**	**1.463.876**	**(270)**	**816.467**	**4.465.637**	**-**	**4.465.637**

1. Tangible and Intangible Assets Revaluation Reserve,
2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans,
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss),
4. Exchange Differences on Translation,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss).

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

(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

		Notes (Section Five)	Audited Current Period 1 January-31 December 2021	Audited Prior Period 1 January-31 December 2020
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities**	(1)	**756.191**	**416.404**
1.1.1	Interest Received		**1.823.220**	1.107.399
1.1.2	Interest Paid		**(563.668)**	(405.200)
1.1.3	Dividend Received		**105.975**	5.556
1.1.4	Fees and Commissions Received		**55.094**	31.144
1.1.5	Other Income		**135.355**	132.864
1.1.6	Collections from Previously Written-off Loans and Other Receivables		**22.463**	36.348
1.1.7	Payments to Personnel and Service Suppliers		(100.209)	(101.430)
1.1.8	Taxes Paid		(289.631)	(148.316)
1.1.9	Other	(1)	(432.408)	(241.961)
1.2	**Changes in Operating Assets and Liabilities**	(1)	**(393.755)**	**1.438.110**
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		74.760	(8.664)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3	Net (increase) / decrease in loans		(3.097.730)	(838.995)
1.2.4	Net (increase) / decrease in other assets		(43.991)	7.009
1.2.5	Net increase / (decrease) in bank deposits		-	-
1.2.6	Net increase / (decrease) in other deposits		-	-
1.2.7	Net increase/ (decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8	Net increase / (decrease) in funds borrowed		1.210.921	1.807.371
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities	(1)	1.462.285	471.389
I.	**Net Cash Provided from Banking Operations**	(1)	**362.436**	**1.854.514**
B.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**			
II.	**Net Cash Provided from Investing Activities**		**(1.865.091)**	**(228.888)**
2.1	Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries		8.574	-
2.3	Purchases of property and equipment		(2.727)	(5.202)
2.4	Disposals of property and equipment		77.303	171.521
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(4.214.092)	(446.340)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		2.378.657	235.725
2.7	Purchase of Financial Assets Measured at Amortised Cost		(114.880)	(190.044)
2.8	Sale of Financial Assets Measured at Amortised Cost		10.175	26.602
2.9	Other		(8.101)	(21.150)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided from Financing Activities**	(1)	**93.122**	**743.246**
3.1	Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3	Issued Equity Instruments		100.064	750.000
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		(6.942)	(6.754)
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**	(1)	**614.449**	**217.938**
V.	**Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)**		**(795.084)**	**2.586.810**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**	(2)	**5.057.379**	**2.470.569**
VII.	**Cash and Cash Equivalents at the End of the Period**	(3)	**4.262.295**	**5.057.379**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Statement of Profit Distribution As of 31 December 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

VII. STATEMENT OF PROFIT DISTRIBUTION		Audited	Audited
		Current Period 1 January-31 December 2021(*)	**Prior Period 1 January-31 December 2020**
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1	CURRENT YEAR INCOME	1.011.607	620.772
1.2	TAXES AND DUTIES PAYABLE(-)	(197.683)	(118.932)
1.2.1	Corporate Tax (Income tax)	(256.415)	(143.198)
1.2.2	Income witholding tax	-	-
1.2.3	Other taxes and duties	58.732	24.266
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**813.924**	**501.840**
1.3	PRIOR YEARS LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(25.092)
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**813.924**	**476.748**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of preferred shares	-	-
1.6.3	To owners of preferred shares (preemptive rights)	-	-
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 preferred shares	-	-
1.9.3	To owners of preferred shares (preemptive rights)	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	GENERAL RESERVES(**)	-	432.048
1.13	OTHER RESERVES	-	44.700
1.14	SPECIAL FUNDS	-	-
II.	**DISTRIBUTION OF RESERVES**		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of preferred shares	-	-
2.3.3	To owners of preferred shares (preemptive rights)	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	**EARNINGS PER SHARE(***)**		
3.1	TO OWNERS OF ORDINARY SHARES	0,006	0,006
3.2	TO OWNERS OF ORDINARY SHARES (%)	0,4	0,6
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	**DIVIDEND PER SHARE**		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILAGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Since the dividend distribution proposal for 2021 to be submitted to the General Assembly for approval has not yet been prepared by the Board of Directors, only the distributable profit amount is specified in the 2021 dividend distribution table.
(**) The profit of 2020 was transferred to extraordinary reserves and other profit reserves with the decision of the General Assembly.
(***) Shown with full TL amount.

SECTION THREE

ACCOUNTING POLICIES

I. Explanations on Basis of Presentation:

a. The preparation of financial statements and related notes according to Turkish Accounting Standards and Regulation on the Procedures And Principles Regarding Banks Accounting Practices and Maintaining Documents:

As prescribed in the Article 37 of the Banking Act No. 5411, the Parent Bank prepares its consolidated financial statements and underlying documents in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks" and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency ("BRSA") and Turkish Accounting Standards ("TAS'') and Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") except for matters regulated by BRSA legislation (together referred as "BRSA Accounting and Reporting Legislation").

In accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements as of 31 December 2021", published in the Official Gazette No. 30673, dated 1 February 2019, accompanying financial statements are aligned with latest financial statement format.

b. Changes in accounting policies and disclosures:

TAS / TFRS changes, which entered into force as of 1 January 2021, do not have a significant effect on the accounting policies, financial status and performance of the Parent Bank. TAS and TFRS changes, which were published but not put into effect as of the final date of the financial statements, will not have a significant effect on the accounting policies, financial status and performance of the Parent Bank. In addition, the Indicator Interest Rate Reform - 2nd Stage, bringing changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020 and early implementation of the changes is allowed. With the amendments made, certain exceptions are provided for the basis used in determining contractual cash flows and the provisions of hedge accounting. The changes are not considered to have a significant impact on the Parent Bank's financials. On the other hand, the Indicative Interest Rate Reform process continues for some indicators and, the Parent Bank continues to work within the scope of adaptation to the changes.

In accordance with the announcement dated 20 January 2022 made by the POA, since the cumulative change in the general purchasing power of the last three years is 74,41% according to the Consumer Price Index ("CPI"), it has been stated that companies applying TFRS will not need to make any adjustments in their financial statements for 2021 within the scope of the TAS 29 Financial Reporting Standard in Hyperinflationary Economies. For this reason, while preparing the financial statements as of 31 December 2021, no inflation adjustment was made according to TAS 29.

c. Other issues:

The new coronavirus disease (COVID-19), which emerged in the People's Republic of China in the end of December 2019 and spread to other countries, was declared as a pandemic on 11 March 2020 by the World Health Organization. In order to keep the negative economic effects of the epidemic to minimum, some measures are taken both in our country and around the world. The effects of these developments on the Parent Bank's financial status and activities are closely monitored by the relevant units and the Parent Bank's Top Management.

II. Basis of valuation used in the preparation of consolidated financial statements:

Accounting policies for the preparation of consolidated financial statements and valuation principles used are applied in accordance with BRSA Accounting and Reporting Legislation.

Those accounting policies and valuation principles are explained below notes through II - XXIII.

Except for the financial assets and liabilities carried at fair value, the consolidated financial statements have been prepared in thousand of Turkish Lira ("TL") under the historical cost.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on Utilization Strategy of Financial Instruments and Foreign Currency Transactions:

Most of the liabilities of the balance sheet of the Parent Bank consists of funds obtained from domestic and international markets. The majority of funds obtained domestically consists of funds provided by Central Bank of the Republic of Turkey, Export Credit Bank of Turkey, international institutions such as World Bank, Islamic Development Bank and German Development Bank via Republic of Turkey Ministry of Treasury and Finance and budget originated funds and the rest consists of funds provided through short-term money market transactions within the framework of balance sheet management. The Bank acts as an intermediary for those funds provided by the Republic of Turkey Ministry of Treasury and Finance to be utilized in various sectors. The funds obtained internationally consist of medium- and long-term loans borrowed from World Bank, European Investment Bank, Council of European Development Bank, Islamic Development Bank, Japan International Corporation Bank, Black Sea Trade and Development Bank, Industrial and Commercial Bank of China, Asian Infrastructure Investment Bank and German Development Bank.

During the utilization of the funds obtained, the Parent Bank pays attention for utilization of loans in line with borrowing conditions while taking assets-liability mismatch into account, and tries to avoid maturity, exchange rate and liquidity risks. Exchange rate risk, interest rate risk and liquidity risk are measured and monitored on a regular basis, necessary measures are taken as a result of changes in the market data and balance sheet management is performed within the predetermined risk limits and legal limits.

A non-speculative exchange rate position risk management is applied to limit the Parent Bank’s exchange rate risk. For that reason, during the determination of the allocation of balance sheet and off-balance sheet assets according to currencies, foreign currency management policy is applied in the most effective way.

Commercial placements are directed to high-profit and low-risk assets by taking Parent Bank-specific and domestic economic expectations, market conditions, expectations and inclinations of loan customers, risks like interest, liquidity, exchange rate etc. into account, and safety policy is kept in the foreground for placement activities. Basic macro goals concerning balance sheet sizes are determined during budgeting and the transactions are carried out according to work programs prepared in this context.

The exchange rates, interest and price movements are closely monitored; transaction and control limits that are developed from the Parent Bank’s previous experiences are based on when taking positions as well as legal limits. In this way, limit excesses are prevented.

During foreign currency transactions, procedures detailed below are applied.

a. Foreign currency monetary assets and liabilities are translated to Turkish Lira (TL) with the buying exchange rates announced by the Parent Bank at the end of period and foreign exchange differences are accounted as foreign exchange gain or loss.

b. There is no exchange rate differences capitalized as of the balance sheet date.

c. Basic principles of exchange rate risk management policy: Decisions to avoid exchange rate and parity risks are taken by the Asset- Liability Committee that meets regularly. The decisions are in line with the models prepared in the context of the basic boundaries of Foreign Currency Net General Position/Shareholders’ Equity Ratio which is included in legal requirements, and those decisions are carried out carefully. To avoid parity risk, foreign exchange position is managed by taking singular and general positions.

d. Foreign currency transactions are calculated using the exchange rates prevailing at the dates of transactions and the profit/losses are included in the statement of profit or loss of the related period.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IV. Explanations on Consolidated Partnerships:

a. Consolidation principles applied:

Consolidated financial statements are prepared in accordance with the "Communiqué on the Preparation of Consolidated Financial Statements of Banks" and "TFRS - 10 Consolidated Financial Statements" published in the Official Gazette dated 8 November 2006 and numbered 26340.

b. Consolidation principles of subsidiaries:

Subsidiaries, whose capital or management is directly or indirectly controlled by the Parent Bank, are entities in which the Parent Bank has the power over the investment and returns due to its relationship with the invested legal entity and the ability to use its power over the invested legal entity in order to influence the amount of returns it has.

Subsidiaries are consolidated using the full consolidation method on the basis of their operating results, asset and equity sizes. According to the full consolidation method, one hundred percent of subsidiaries' assets, liabilities, income, expenses and off-balance sheet items are consolidated with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The book value of the investments of the Bank in its subsidiaries and the capital of its subsidiaries have been clarified. Balances arising from the transactions between the partnerships within the scope of consolidation have been mutually offset.

The Parent Bank and its consolidated subsidiaries will be referred to as the “Group” in the remainder of the report.

The titles of the partnerships within the scope of consolidation, the location of the headquarters, the field of activity, the effective and direct shareholding ratio are as follows:

Title	(City/ Country)	Activity subject	Effective partnership rates (%)	Direct and indirect partnership rates (%)
Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	Istanbul/Turkey	Portfolio management	100	100
Kalkınma Yatırım Varlık Kiralama A.Ş.	Istanbul/Turkey	Asset rental	100	100

V. Representation of associates, subsidiaries and jointly controlled partners not included in consolidation in the consolidated financial statements:

Subsidiaries, associates and jointly controlled partners that are not included in the scope of consolidation are recognized at cost in accordance with the “TAS - 27 Separate Financial Statements” and reflected in the consolidated financial statements after deducting the provision for depreciation, if any.

VI. Explanations on Futures, Options Contracts and Derivative Instruments:

Derivative transactions of the Bank mainly consist of forward foreign currency purchase and sale and currency swap transactions.The Bank has no derivative instruments that can be separated from the host contract.

Derivative instruments are classified as “Derivative Financial Assets at Fair Value Through Profit or Loss” or “Derivative Financial Assets at Fair Value Through Other Comprehensive Income” within the scope of TFRS 9 Financial Instruments. Derivative financial instruments are recorded with the fair value at the date of agreement and revalued at fair value in the following reporting periods. Depending on whether the valuation difference is negative or positive, these differences are shown in the relevant accounts in the balance sheet. Receivables and liabilities arising from derivative transactions are recorded in off-balance sheet accounts over their contract amounts. Differences in the fair value of derivative transactions at fair value through profit or loss are accounted for under profit/loss from derivative financial transactions in the trading profit/loss item in the statement of profit or loss.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on Interest Income and Expenses:

Interests are recorded according to the effective interest rate method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities).

If a financial asset possesses on uncollected interest accrual before its acquisition by the Parent Bank, interest collected afterwards is separated into periods such as before its acquisition and after acquisition, and only the part of after acquisition is recognized as interest income on the profit or loss statement.

The Parent Bank does not cancel the interest accruals and rediscounts of loans and other receivables that have become non-performing loans within the framework of the effectuated in 1 January 2018 "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette dated 22 June 2016 and numbered 29750 and monitors said amounts in interest income. Within the scope of TFRS 9 methodology, the expected loss provision is calculated based on the interest accruals and rediscounts added amounts.

VIII. Explanations on Fees and Commission Income and Expenses:

Fees and commissions received from cash loans, that are not attributable to interest rates applied, and fees for banking services are recorded as income on the date of collection. Fees and commissions paid for the funds borrowed, which are not attributable to interest rates of the funds borrowed, are recorded as expense on the date of the payment. All other commission and fee income and expenses, are recorded on an accrual basis. Earnings in return of agreements or as a result of services provided for real or legal third parties for purchase or sale of assets are recorded as income when collected.

IX. Explanations on Financial Assets:

Financial assets mainly constitute the Group's commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

The Group adds its financial assets to the financial statements in accordance with the provisions of the "Importing and Excluding the Financial Statements" section of the TFRS 9 Standard and subtracts them from the financial statements.

Financial assets are included in the statement of financial status when they become a party to the terms of the contract related to the financial asset and measured at fair value for the first time (excluding trade receivables under TFRS 15 Customer Contracts Revenue).

In accordance with the classification provisions of the TFRS 9 Financial Instruments Standard, on the basis of the following matters financial assets are measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss by:

- The business model used by the entity for the management of financial assets,

- Properties of contractual cash flows of a financial asset.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued):

Business Model Test and Cash Flow Characteristics Test are performed to determine the classification of financial assets. Purchase and sale transactions of these financial assets are accounted according to their “delivery date”. The classification of financial assets is decided on the date of their acquisition, taking into account “Testing of Contractual Cash Flows Only Interest and Principal and Evaluation of Business Model”. When the business model used for the management of financial assets is changed, all financial assets affected by this change are reclassified.

Financial Assets Measured at Fair Value through Profit and Loss:

Financial assets whose fair value differences are reflected in profit / loss are mainly for a short-term securities acquired for the purpose of being sold or bought back in the near future.

Financial assets whose fair value difference is reflected in profit / loss are reflected to the balance sheet at their cost values and are subject to valuation at fair value following their recording. Fair values for securities traded on Borsa Istanbul (BIST) are found using the weighted average clearing prices formed on BIST at the balance sheet date.

Gains or losses resulting from the valuation of financial assets whose fair value difference is reflected in profit / loss are reflected in profit / loss accounts. The positive difference between the acquisition cost and discounted value during the holding of financial assets for trading purposes is the difference in “Interest Income”, if the fair value of the asset is above its discounted value, in the “Capital Market Transactions Profits” account, the fair value's; if it is below, the negative difference is recorded in the “Capital Market Transactions Losses” account.

Financial Assets Measured at Fair Value Through Other Comprehensive Income:

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

Financial assets measured at fair value through other comprehensive income are initially recognized at cost including the transaction costs. After initial recognition, valuation of the financial assets at fair value through other comprehensive income is based on fair value. For securities traded on Borsa Istanbul (BIST), fair values are found by using the weighted average settlement prices in BIST at the balance sheet date. In the case a price does not occur in an active market, it is accepted that fair value cannot be reliably determined and amortised cost which is calculated by using the effective interest rate method is accepted as the fair value.

The difference between the cost and fair value is accounted as interest income accrual or impairment loss. Interest income for financial assets measured at fair value through other comprehensive income with fixed or floating interest rate shows the difference between cost and amortised cost calculated by using the effective interest rate method and accounted for as interest income from marketable securities. Unrealized gains and losses arising from changes in fair value of the financial assets measured at fair value through other comprehensive income and which are denoting the difference between fair value and amortised cost of financial assets, are recognized in the “Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss” and amounts accounted for under equity are reflected to income statement when financial assets are sold.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued):

Equity Instruments Measured at Fair Value Through Other Comprehensive Income:

During the first registration an irreversible preference can be made about reflecting the changes in the fair value of the investment in an equity instrument within the scope of TFRS 9, which are not held for commercial purposes or that are not contingent on the financial statements of the acquirer in a business combination where the TFRS 3 Business Combinations standard is applied in the other comprehensive income. The choice in question is made separately for each financial instrument.

The relevant fair value differences recognized in the other comprehensive income statement are not transferred to profit or loss in the following periods, but are transferred to previous periods' profit / loss. Dividends from such investments are included in the financial statements as profit or loss unless they are explicitly a part of the investment cost recovery. TFRS 9 impairment provisions are not valid for equity investments.

Equity securities representing a share in the capital, which are classified as financial assets at fair value through other comprehensive income, are accounted with their fair values if they are traded in organized markets, and/or their fair value can be determined reliably. However, the cost may be an appropriate estimation method for determining fair value in some exceptional circumstances. This may be the case if there is not enough recent information on fair value measurement or if fair value can be measured by more than one method and the cost best reflects the fair value estimation among these methods.

Financial Investments Measured at Amortised Cost and Loans:

Financial Investments Measured at Amortised Cost

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

Financial assets measured at amortised cost are subsequently measured at amortised cost by using effective interest rate method, and they are accounted for by setting forth provision for impairment loss or by posting interest income accrual. Interests received from financial assets measured at amortised cost are recognized as interest income.

Loans

Loans represent unquoted financial assets in an active market that provide money, goods or services to the debtor with fixed or determinable payments.

Loans are initially recognized with cost and carried at amortised cost calculated using the effective interest rate method at the subsequent periods. Transaction fees, dues and other expenses paid for loan guarantees are considered as a part of the transaction cost and reflected to the customers.

Cash loans granted by the Bank consist of investment and working capital loans and loans given through banks and leasing companies (APEX method).

Foreign currency indexed loans are converted into Turkish Lira with the exchange rate on the opening date and followed in Turkish Currency accounts. Repayments are calculated by using the exchange rates at the repayment dates and exchange differences are recognized under the foreign currency income and expense accounts.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued):

The loan portfolio is regularly monitored by the Parent Bank's management and if there are any suspicions about the inability to collect the loans granted, the loans accepted as troubled and are classified in accordance with Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside published in the Official Gazette dated 22 June 2016 and numbered 29750 and the latest changes dated 18 October 2018 and numbered 30569 and TFRS 9.

With Türkiye Kalkınma ve Yatırım Bankası A.Ş. Law dated 24 October 2018 and numbered 7147, the first paragraph of the Article 53 of the Banking Law No: 5411 is decided not to be enforced to the Bank and the Parent Bank's Board of Directors is stated to determine the procedures and principles regarding the classification, monitoring, follow-up, provision ratios and collaterals of loans. In this context the Bank has decided to perform the classification and provisioning of loans in accordance with the TFRS 9 Standard and the Regulation on Provisions and Principles Regarding the Classification of Loans and Provisions to be Set Aside.

Cash and Cash Equivalents:

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturity of 3 months or less following the date of purchase, which is readily convertible to a known amount of cash, and does not bear the risk of significant amount of value change. The carrying amounts of these assets represent their fair values.

X. Explanations on Impairment of Financial Assets:

As of 1 January 2019, the Parent Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be Set Aside." In this framework, the method of allocating credit provisions applied within the framework of the relevant legislation of BRSA has been replaced with the expected credit loss model.

Expected credit loss (ECL) model is used for instruments (such as bank deposits, loans and leasing receivables) recorded in other comprehensive income statement over amortized cost or fair value, and in addition, for financial lease receivables that cannot be measured at fair value through profit / loss, contract assets, credit commitments, and financial guarantee contracts.

The guiding principle of the ECL model is to reflect the general outlook of the increase or improvement in credit risk of financial instruments. The amount of ECLs defined as loss provision or provision depends on the degree of increase in credit risk since the loan was first issued.

Within the scope of TFRS 9 Financial Instruments, three basic factors regarding the measurement of expected credit loss are taken into consideration. These,

(a) the amount weighted according to the neutrality and probabilities determined by evaluating the possible outcome range,

(b) time value of money

(c) reasonable and supportable information on past events, current conditions and forecasts of future economic conditions that can be obtained without incurring excessive cost or effort as of the reporting date.

Taking into consideration these three factors, the Parent Bank's historical data is modeled and the expected loss amount is calculated for each loan. Since the expected loss represents the future value, the present value of this amount is calculated with the discounting factor.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on Impairment of Financial Assets (Continued):

In order to reflect the changes in credit risk since the initial recognition of credit risk, the loss provision is updated at each reporting date in which the expected loss calculations are performed.

The Parent Bank assesses whether there has been a significant increase in credit risk in the financial instrument for the first time since it was included in the financial statements. In making this assessment, the Parent Bank uses the change in default risk during the expected life of the financial instrument. To make this assessment, the Parent Bank compares default risk related to the financial instrument as of the reporting date and the default risk related to the financial instrument for the first time in the financial statements and takes into consideration reasonable and supportable information which can be obtained without incurring excessive costs or efforts and is reasonable indication of significant increases in credit risk since its introduction for the first time.

In the TFRS 9 impairment, a 3-step approach is used in which the credit risk level increases at each stage:

Stage 1: It refers to all accounts that have not shown any deterioration in credit quality since the loan was issued. All accounts defined as having low credit risk will be classified as Stage 1 without periodically checking whether there is a significant increase in credit risk. A 12-month provision calculation is performed for all accounts classified in Stage 1.

Stage 2: Refers to all accounts showing significant deterioration in credit quality since the loan was issued. For all accounts classified in Stage 2, lifetime provision calculations are performed.

Stage 3: Refers to all impaired assets. For all accounts classified in Stage 3, lifetime provision calculations are performed.

Financial assets in Basket 3 might be evaluated individually in the current provision calculations made by the Bank, and final evaluation is made by the Board of Directors together with their justifications. In this context, the Bank has allocated additional provisions for customers whose impacts are considered to be high, by making individual valuations in the calculation of expected credit losses.

TFRS 9 requires a 12-month compensation for all loans in stage 1, and a lifetime provision for all remaining loans.

Significant Increase in Credit Risk

If the customers classified as Stage 1 meet the following criteria, it has been decided by the Parent Bank to be classified under Stage 2:

- The number of delay days of the customer is over 30
- Restructuring of the debtor with financial difficulties by granting concession
- Customer has close monitoring criteria
- There is a 35 percent or more decrease in the quantitative score to be calculated by considering the end-of-year financial statements for the customer every year, and the score in question drops below 40 (a significant increase criterion in credit risk).

Customers are periodically evaluated (at least once a year) and their ratings are updated in order to evaluate the criterion of significant increase in credit risk. The evaluation period is shortened for the borrowers whom a significant deterioration signal is received in credit risk during the year.

Classification criterias under Stage 2 work for all bank customers, in addition, in case of negative market intelligence, classification can be made under Stage 2. This process continues under TFRS 9. The classification rules determined within the scope of TFRS 9 work for all portfolios.

Treasury and Banks portfolios are among the low default portfolios, and it is decided by the Group to classify the assets in this portfolio under Stage 1 until an opposite assessment is made.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on Impairment of Financial Assets (Continued):

Significant Increase in Credit Risk (Continued):

The decrease of customer rating score calculated according to the credit rating model used within the bank for the quantitative criteria related to the significant deterioration in the credit risk specified in Article 4 of the provisions regulation regarding the classification of the loans, by 35 percent and above, and the fall of score in question below 40, is determined by the Bank as the criterion of significant deterioration. In addition to these criterias, the restructuring applied to the customer who has financial difficulties specified in Article 7 of the Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside is used as a classification criterion under Stage 2.

Definition of Default

When defining the default for the purpose of determining the default risk according to TFRS 9, the entity uses a default definition consistent with the definition used for the credit risk management purposes of the related financial instrument and, if appropriate, takes into account qualitative indicators (e.g. financial commitments). However, unless the entity has reasonable and supportable information that reveals that default will occur when there is a longer delay, there is an otherwise demonstrable pre-acceptance that the default will not occur after the financial instrument expires after 90 days. The definition of default used for these purposes is applied consistently to all financial instruments unless information that proves that another definition of default is more appropriate for a particular financial instrument is available. ” According to the article, the definition of default is used within the scope of modeling.

The definition of default used in the Parent Bank is as follows:

- Customers with more than 90 days of delay (The number of customer delay days represents the highest number of delay days of the customer's existing loans on the relevant reporting date.)
- Compensation of the letter of guarantee received by the Parent Bank for collateral
- Customers considered to be at high risk by the Parent Bank

With the BRSA’s decisions numbered 8948 dated 17 March 2020, numbered 8970 dated 27 March 2020, numbered 9312 dated 8 December 2020 and numbered 9624 dated 17 June 2021, within the scope of the 4th and 5th articles of the Regulation on Provisions and Principles Regarding the Classification of Loans and Provisions to be Set Aside, the 30 days delay period foreseen for classification in the Stage 2 is allowed to be applied as 90 days and the 90 days delay period foreseen to be classified as non-performing loans is allowed to be applied as 180 days. As stated in the relevant decisions, the Parent Bank allocated provisions according to its own risk model for the loans within the scope of this application, which will be valid until 30 September 2021. With the BRSA's decision numbered 9795 dated 16 September 2021, this practice is terminated as of the end of 30 September 2021, but as of 1 October 2021, the application is decided to be continued in the same way for loans with a delay period of more than 31 days but not exceeding 90 days and for loans with a delay period of more than 91 days but not exceeding 180 days. As of 1 October 2021, Parent the Bank carries out the classification procedures in line with the BRSA board decision.

12 Month Expected Loss

12-month loan loss corresponds to a part of the expected loan loss that may arise from the possible default status of the loan within 12 months of the reporting date.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on Impairment of Financial Assets (Continued):

Lifetime Expected Loss

Lifetime losses arise from all possible default events that may occur during the expected life span of the financial instrument after the reporting date. Life expectancy is related to the maturity of the financial instrument.

One of the risk parameters to be used in calculating the provision amounts to be set as per TFRS 9 is the Probability of Default (PD) information. Probability of Default refers to the possibility of a live loan falling into default. PD calculation is carried out by considering past data, current conditions and prospective macroeconomic expectations.

Specifically, while calculating PD, qualitative, quantitative scores, sector, bank degree and macro effect are taken into account. For the company whose quantitative evaluation is made, an objective score is produced between 0 and 100. The sector in which the company operates is determined in accordance with the NACE code (Statistical Classification of European Community Economic Activities; a reference resource for the purpose of producing and disseminating statistics on economic activities in Europe).

After the qualitative and quantitative scores of the company are determined, the mentioned points are weighted according to the company scale and the company's score is calculated.

Banks, on the other hand, are ranked objectively by considering various criteria, namely capital, asset quality, liquidity, profitability, income-expenditure structure and capacity.

Finally, for the macro effect, a volatility index is calculated first, and then variables that act in parallel and play a role in the measurement of crisis probabilities before sudden financial shocks are identified. Afterwards, the index is created by weighting the determined variables according to the success rate.

The macro effect ultimately applied to the customer scores by the Parent Bank is the macro note calculated on the company grade (non-macro score) calculated as a result of qualitative (partnership information, group of companies, etc.) and quantitative (liquidity, financial structure, profitability etc.) assessment of each customer. In line with the customer's score, corrections are applied. In this context, studies to determine pioneering vulnerability indicators of Turkey's economy are made and by the Parent Bank it has been identified that some of the variables derived from various areas of the economy successfully predicted crisis periods in advance. This prediction has been accepted by the Parent Bank as the threshold values are exceeded and the signal is produced starting at least 12 months before the crisis.

In order to obtain the macroeconomic score, which is calculated by considering the positive and negative scenarios as well as the base scenario value, values are calculated at a certain margin in accordance with the distribution of the series for positive and negative scenario values from the index values distributed between 0-100 and averaged over 12 months.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on Impairment of Financial Assets (Continued):

Due to the COVID-19 epidemic, which has influenced the whole world, since mid-March 2020, many enterprises have suspended their operations for a certain period or certain sectors have been restricted within the framework of measures taken to create remote working conditions. The Parent Bank analyzed the effects of COVID-19 to the sectors which the loans in the loan portfolio are used and updated the sector parameters with the assumption that the foreseen risk was not systematic and reflected the epidemic effect to TFRS 9 parameters by considering the relationships between TFRS 9 parameters and sectoral risk level. The forecasts and expected effects regarding the epidemic are reviewed regularly by the Parent Bank.

XI. Explanations on Offsetting of Financial Assets and Liabilities:

Financial assets and liabilities are offset on balance sheet when the Group has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

XII. Explanations on Sales and Repurchase Agreements and Lending of Securities:

Securities sold in repurchase agreements (repo) are followed in the balance sheet accounts in line with Uniform Chart of Accounts. Accordingly, the government bonds and treasury bills sold to the clients in the context of repurchase agreements are classified as "Subject to Repurchase Agreements" and are valued at fair values or at discounted values using effective interest rate method according to the holding purposes in the Group portfolio. Funds gained by repurchase agreements are shown separately in the liability accounts and interest expense accrual is calculated for these funds.

Securities that were purchased to resell commitment (reverse repurchase agreements) are shown as a line item under 'Money Market Placements'' line. For the difference between the purchase of securities and resale prices of the reverse repo agreements for the period; income accrual is calculated using the effective interest rate method. There are no marketable securities lending transactions.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIII. Explanations on Fixed Assets Held for Sale and Discontinued Operations and Related Liabilities:

Assets that are classified as held for sale (or the disposal group) are measured at the lower of its carrying amount and fair value less costs to sell. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer.

Also, the asset should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets (or the disposal group) are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the assets. The Parent Bank has no assets classified as held for sale.

A discontinued operation is a component that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement. The Parent Bank has no discontinued operations.

XIV. Explanations on Goodwill and Other Intangible Assets:

As at the balance sheet date, there is no goodwill recorded in the consolidated balance sheet of the Bank.

Intangible fixed assets first are carried at cost which includes acquisition costs and other direct costs bearded necessary for the assets to become ready for use. Subsequent to recognition, intangible assets are presented in financial statements at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization is charged on a straight-line basis over their estimated useful lives which is 33,33%. Useful life of other intangible assets are determined by the consideration of items like expected usage period of the asset, technical, technological or other kind of obsolesce and maintenance costs incurred to obtain economic benefit from the assets.

Expenses related to existing computer software and computer software improvement that enhance original content and useful life, are capitalized over the software. Those capitalized expenses are amortised over the remaining useful life of the related assets using the “straight line method”.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on Tangible Fixed Assets:

Tangible fixed assets are carried at cost which includes acquisition costs and other direct costs bared necessary for the assets to become ready for use, and if results of appraisal reports exceed the costs, they are not subject to any revaluation. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and accumulated impairment losses, if any.

The Parent Bank's tangible fixed assets purchased before 1 January 2005 are carried at restated cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequently are valued at historical cost.

Gain or loss arising from the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

Ordinary maintenance and repair expenses of tangible fixed assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are capitalized. Investment expenditures include cost items that extend the useful life of the asset, increase the servicing capabilities of the asset, improve the quality of goods or services produced or reduces the costs. There is no pledge, mortgage and other restriction on the tangible fixed assets or given for the purchase commitments or any restrictions on the rights for the use of these.

Tangible fixed assets are amortised by using the straight-line method over their estimated useful lives. Estimated depreciation rates of tangible fixed assets are as follows.

	Estimated Useful Life (Years)	Amortization Rate (%)
Building	50	2
Safes (vaults)	50	2
Vehicles	5	20
Other Tangible Assets	3-15	6,66-33,33

There is no change in accounting estimations that has material effect in the current period or that is expected to have effect in the subsequent periods.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on Leasing Transactions:

"TFRS 16 Leases" Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826 to be applied as of 1 January 2019.

Bank as a lessee

The "TFRS 16 Leases" Standard removes financial lease and operational lease distinction for lessees and introduces a single accounting model for all leasing transactions. According to the standard, the lessees reflect a "asset that gives the right to use" and a "lease obligation" to the financial statements at the date when the lease begins. The initial cost of the asset that gives the right to use is measured by deducting the lease incentives from the sum of the lease obligation and the initial direct costs incurred by the lessees. The cost method is used for the measurements after the beginning of the lease. In this method, the asset that gives the right to use is measured by deducting the accumulated depreciation and accumulated depredation provisions from the cost value. The lease obligation is initially measured at the present value of the lease payments to be made during the lease period. In subsequent measurements, the book value of the liability is increased to reflect the interest on the lease obligation and decreased to reflect the lease payments made. TFRS 16 has made exemptions for leases of 12 months or less and leases related to low value assets.

The Group, which is a lessee in financial leasing transactions, accounts for all lease transactions longer than 12 months as assets and liabilities in the statement of financial position. Depreciation expense related to the leased asset and interest expense in lease payments are reported in the income statement. The lease obligation was initially measured at the present value of the lease payments to be made during the lease period using the Group's TL alternative source cost.

The Parent Bank as a lessor

According to the "TFRS 16 Leases" Standard, financial lease and operational lease distinction continues for the lessor. If the lessor transfers the significant risks and benefits arising from ownership of the asset subject to the lease to the lessee, he will classify it as a financial lease. Other leases will be classified as operational leases. The receivables that arise from leasing the assets of the Parent Bank, which are not included in financial lease transactions and which are not used in banking transactions, are followed up in the receivables from the leasing transaction and are accounted on an accrual basis.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on Provisions and Contingent Liabilities:

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation.

Provisions other than the expected credit loss set for loans and other receivables and contingent liabilities are accounted for in accordance with "Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets" (TAS 37).

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

XVIII. Explanations on Employee Benefit Liabilities:

Obligations for employee benefits are recognized in accordance with the TAS 19 "Turkish Accounting Standard about Employee Benefits".

There is no fund to which the Group personnel are members. However, a part of personnel are members of Personnel Assistance and Additional Social Security Foundation of Türkiye Kalkınma Bankası A.Ş. and the Parent Bank has no obligations regarding this foundation, accordingly no provision is reserved in the accompanying financial statements.

Under the Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. In accordance with the working status of the Group and the social security institution legislation, the retirement pension is related to the ones related to the Law No. 5434 and the severance payment is calculated to those related to the Law No: 1475.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet date have been calculated with a discount rate of 1,34% (31 December 2020: 2,4%). The maximum amount of full TL 10.596,74 effective from 1 January 2022 has been taken into consideration in calculation of provision from employment termination benefits (31 December 2020: full TL 7.638,95).

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on Taxation:

Current Tax

According to the Temporary Article 13 added to the Corporate Tax Law No: 5520 and with the Article 11 of the Law on the Procedure of Collection of Public Claims and the Law on the Amendment of Some Laws, which entered into force after being published in the Official Gazette dated 22 April 2021 and numbered 31462, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. This change will be valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021. According to the new law, temporary tax calculations for the current period have been made by 25%. The corporate tax rate is applied to the tax base to be found as a result of adding the non-deductible expenses to the commercial earnings of the companies, the exemption (such as the participation earnings exemption) and the deduction of the deductions in the tax laws. No further tax is paid if the profit is not distributed. Non-resident corporations' income through a permanent establishment or permanent representative in Turkey and dividends paid to companies' resident in Turkey (dividends) not subject to withholding. Dividend payments made to individuals and institutions other than these are subject to 10% withholding tax. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared by the 17th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year.

Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government. According to 5.1.e. Article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax. This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered as tax loss. Taxes which does not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 50% for real estates, and 75% for others are exempted from Corporation tax. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods. In Turkey, there is no procedure for a final and definitive agreement on tax assessments with tax authorities.

Corporate tax declarations are submitted to the related tax office until the evening of the 30th day of the fourth month following the end of the accounting period and the accrued tax is paid until the evening of the 30th day. However, the authorities competent for tax inspection can examine the accounting records within five years, and the tax amounts to be paid may change if any erroneous transaction is detected.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on Taxation (Continued):

Deferred Tax

In accordance with TAS 12 "Turkish Accounting Standard Relating to Income Tax", the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of a deferred tax asset is reviewed on each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax asset and liability are calculated with the valid tax ratios for the related period.

Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity. Deferred tax asset and deferred tax liability are presented as net in these financial statements.

The income tax charge is composed of the sum of current tax and deferred tax charges. The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible.

According to the second paragraph of the Article 53 of the Banking Act No: 5411, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

The current tax payable is offset with prepaid tax, if they are associated with. Deferred tax assets and liabilities are also offset.

Deferred tax calculation is made within the scope of TFRS 9 for the first and second stage provisions.

Transfer Pricing

Transfer pricing is regulated through Article 13 of Corporate Tax Law titled "Transfer Pricing Through Camouflage of Earnings". Detailed information for the practice regarding the subject is found in the "General Communiqué Regarding Camouflage of Earnings Through Transfer Pricing". According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against "arm's length principle", the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions in means of corporate tax.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XX. Additional Explanations on Borrowings:

The Parent Bank accounts its debt instruments in the subsequent periods, by using the effective interest rate method. The Parent Bank has no borrowings that require hedging techniques for accounting and valuation of debt instruments and liabilities representing the borrowings.

The Parent Bank continues its financial support that it provided and still providing by acquiring sources from domestic and international markets. Domestic resources are provided from Central Bank of the Republic of Turkey, Turkey Export Credit Bank, international organizations such as World Bank, Islamic Development Bank and German Development Bank through the Ministry of Treasury and Finance. In addition to these, the Parent Bank acts as an intermediary for the use of various budget-sourced funds domestically. The loan from this source has been disbursed and no new funds have been transferred from the Ministry of Treasury and Finance. The funds provided are recorded in the Bank's resource accounts on the transfer date. The maturity and interest rates of these funds are determined by the public authority through Investment Incentives Communiqués.

The present foreign funds of the Parent Bank are medium and long term loans from World Bank, European Investment Bank, Council of European Development Bank, Islamic Development Bank, Black Sea Trade and Development Bank and Japan International Corporation Bank, Industrial and Commercial Bank of China, Asian Infrastructure Investment Bank and German Development Bank are recorded to related accounts on the date and with the cost of procurement.

The Parent Bank generally prefers providing loans in parallel to the borrowing terms like maturity date, interest rate, interest type and currency type to avoid maturity, exchange rate and liquidity risks.

The Parent Bank has not issued any convertible bonds and debt instruments.

XXI. Explanations on Shares Issued:

The issued capital of the Parent Bank has been increased from TL 1.600.000 to TL 2.000.000 in the current period, with TL 300.000 from internal resources and issuance of TL 100.000 nominal valued shares.

XXII. Explanations on Bill Guarantees and Acceptances:

Commitments regarding bill guarantees and acceptances of the Parent Bank are presented in the "Off Balance Sheet" commitments. There are no commitments regarding bill guarantees and acceptances of the Bank at the prior and current period.

XIII. Explanations on Government Incentives:

There are no government incentives utilized by the Group in the current and prior period.

XXIV. Explanations on Segment Reporting:

As part of its mission, the Parent Bank operates mainly in the areas of corporate banking and investment banking. Corporate banking provides financial solutions and banking services to customers with medium and large joint stock company status. Services offered include investment loans, project finance, TL and foreign exchange business loans, letters of credit and letters of guarantee.

Within the scope of investment banking activities, the Parent Bank's treasury bills, government bond trading, repo transactions, money swaps and forward foreign exchange transactions, capital markets consultancy, financial consultancy, merger and purchase consultancy are performed. Among the investment banking operating income, revenues from Treasury transactions activities are included.

As of 31 December 2021, explanations on segment reporting in line with "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures" are shown below.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIV. Explanations on Segment Reporting (Continued):

Current Period (31.12.2021)	**Investment Banking (Treasury)**	**Corporate Banking**	**Other**	**Total Operations of the Bank**
Net interest income	805.685	573.867	(2.456)	1.377.096
Net fees and commissions income/(expense)	(15.959)	51.234	13.510	48.785
Other income	19.594	260.569	2.158	282.321
Other expense	(954)	(488.182)	(204.043)	(693.179)
Profit before tax	808.366	397.488	(190.831)	1.015.023
Tax provision	-	-	(198.556)	(198.556)
Net profit for the period	**808.366**	**397.488**	**(389.387)**	**816.467**
Group Profit / Loss	**808.366**	**397.488**	**(389.387)**	**816.467**
Minority Rights Profit / Loss (-)	**-**	**-**	**-**	**-**
Current Period (31.12.2021)				
Segment assets	11.195.240	37.024.826	148.545	48.368.611
Associates and subsidiaries	-	10.119	-	10.119
Total Assets	**11.195.240**	**37.034.945**	**148.545**	**48.378.730**
Segment liabilities	656.400	42.863.190	393.503	43.913.093
Shareholders' equity	-	-	4.465.637	4.465.637
Total Liabilities	**656.400**	**42.863.190**	**4.859.140**	**48.378.730**

Prior Period (31.12.2020)	**Investment Banking (Treasury)**	**Corporate Banking**	**Other**	**Total Operations of the Bank**
Interest income	399.466	340.869	(3.016)	737.319
Net fees and commissions income	(10.521)	30.781	363	20.623
Other income	10.416	237.867	7.127	255.410
Other expense	(63.527)	(168.538)	(160.836)	(392.901)
Profit before tax	335.834	440.979	(156.362)	620.451
Tax provision	-	-	(118.868)	(118.868)
Net profit for the period	**335.834**	**440.979**	**(275.230)**	**501.583**
Group Profit / Loss	**335.834**	**440.979**	**(275.230)**	**501.583**
Minority Rights Profit / Loss (-)	**-**	**-**	**-**	**-**
Prior Period (31.12.2020)				
Segment assets	7.723.460	20.263.386	66.199	28.053.045
Associates and subsidiaries	**-**	18.693	-	18.693
Total Assets	**7.723.460**	**20.282.079**	**66.199**	**28.071.738**
Segment liabilities	203.897	24.012.197	267.702	24.483.796
Shareholders' equity	-	-	3.587.942	3.587.942
Total Liabilities	**203.897**	**24.012.197**	**3.855.644**	**28.071.738**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations on Consolidated Equity:

Consolidated equity amount and capital adequacy standard ratio are calculated within the framework of “Regulation Regarding Equities of Banks” and “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy”.

The Group’s consolidated equity amount as at 31 December 2021 is TL 7.680.327 TL, (31 December 2020: TL 5.669.664) and its capital adequacy ratio is 14,27% (31 December 2020: 22,35%). The capital adequacy ratio of the Group is above the minimum ratio determined by the relevant legislation.

Information on Equity Items:

Current Period (31.12.2021)	Amount	Amount Related to Practice before 1/1/2014*
Common Equity Tier I Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	2.206.074	
Share Premium	3.747	
Reserves	1.463.606	
Other Comprehensive Income according to TAS	4.318	
Profit	816.467	
Net profit for the period	816.467	
Retained Earnings	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
Minority Shares	-	
Common Equity Tier I Capital Before Deductions	**4.494.212**	
Deductions from Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	45.617	-
Leasehold Improvements on Operational Leases (-)	3.808	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.875	-
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

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 the10% 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	95.678	-
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	-	
Total Deductions From Common Equity Tier I Capital	**166.978**	
Total Common Equity Tier I Capital	**4.327.234**	
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	2.228.580	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4) (Issued or Obtained after 1.1.2014)	-	
Shares of Third Parties in Additional Tier 1 Capital		
Shares of Third Parties in Additional Tier 1 Capital (Those within the scope of Temporary Article 3)		
Additional Tier 1 Capital Before Deductions	**2.228.580**	
Deductions From Additional Tier 1 Capital	-	
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-	-
Investments made by the bank to equity items issued by banks and financial institutions investing in the additional capital items of the bank and meeting the conditions specified in Article 7 of the Regulation	-	-
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	-	-

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA	-	
Items to be Deducted from Tier I Capital during the Transition Period	-	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and 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 (-)	-	
Total Deductions from Additional Tier I Capital	-	
Total Additional Tier I Capital	**2.228.580**	
Total Tier I Capital (Tier I Capital = Common Equity Tier I Capital + Additional Tier I Capital)	**6.555.814**	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	833.881	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Shares of Third Parties in the contribution capital		
Shares of Third Parties in the contribution capital (within the scope of Temporary Article 3)		
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	290.632	
Total Deductions from Tier II Capital	**1.124.513**	
Deductions from Tier II Capital	-	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	**1.124.513**	
Total Equity (Total Tier I and Tier II Capital)	**7.680.327**	
Total Tier I Capital and Tier II Capital (Total Equity) Loans Granted against the Articles 50 and 51 of the Banking Law	-	
Net Book Values of Movables and Immovable 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	-	

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	**4.318**	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	7.680.327	-
Total Risk Weighted Assets	53.831.619	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	8,04	-
Consolidated Tier I Capital Ratio (%)	12,18	-
Consolidated Capital Adequacy Ratio (%)	14,27	-
BUFFERS		
Bank-specific total CET1 Capital Ratio	2,5	-
Capital Conservation Buffer Ratio (%)	2,5	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-	-
Systemic significant bank buffer ratio (%)	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-	-
Amounts Lower Than Excesses as per Deduction Rules	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	-
Limits for Provisions Used in Tier II Capital Calculation	-	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	290.632	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	290.632	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	81.208	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4	-	-
(Effective between 1.1.2018-1.1.2022)	-	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts to be taken into consideration under the previous provisions

In the consolidated equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Prior Period (31.12.2020)	Amount	Amount Related to Practice before 1/1/2014*
Common Equity Tier I Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	1.806.074	
Share Premium	3.683	
Reserves	1.262.036	
Other Comprehensive Income according to TAS	18.838	
Profit	501.583	
Net profit for the period	501.583	
Retained Earnings	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
Minority Shares	-	
Common Equity Tier I Capital Before Deductions	**3.592.214**	
Deductions from Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	432	-
Leasehold Improvements on Operational Leases	4.354	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	17.744	-
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	-	-

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

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 (-)	18.054	-
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 (-)	-	
Total Deductions From Common Equity Tier I Capital	**22.530**	
Total Common Equity Tier I Capital	**3.569.684**	
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.371.165	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Shares of Third Parties in Additional Tier 1 Capital		
Shares of Third Parties in Additional Tier 1 Capital (Those within the scope of Temporary Article 3)		
Additional Tier 1 Capital Before Deductions	**1.371.165**	
Deductions From Additional Tier 1 Capital	-	
Direct and Indirect Investments of the Bank on its own Additional 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 less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	
Items to be Deducted from Tier I Capital during the Transition Period	-	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and 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 (-)	-	
Total Deductions from Additional Tier I Capital	-	
Total Additional Tier I Capital	**1.371.165**	
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**4.940.849**	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	513.057	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Shares of Third Parties in the contribution capital		
Shares of Third Parties in the contribution capital (within the scope of Temporary Article 3)		
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	215.738	
Total Deductions from Tier II Capital	**728.795**	
Deductions from Tier II Capital	-	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
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 (-)	-	-

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	**728.795**	
Total Equity (Total Tier I and Tier II Capital)	**5.669.644**	
Total Tier I Capital and Tier II Capital (Total Equity) Loans Granted against the Articles 50 and 51 of the Banking Law	-	
Net Book Values of Movables and Immovable 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	-	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	**18.838**	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
Capital		
Total Capital (Total of Tier I Capital and Tier II Capital)	**5.669.664**	-
Total Risk Weighted Assets	25.289.491	-
CAPITAL ADEQUACY RATIOS		-
Consolidated CET1 Capital Ratio (%)	14,04	-
Consolidated Tier I Capital Ratio (%)	19,47	-
Consolidated Capital Adequacy Ratio (%)	22,35	-
BUFFERS		-
Bank-specific total CET1 Capital Ratio	2,5	-
Capital Conservation Buffer Ratio (%)	2,5	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-	-
Systemic significant bank buffer ratio (%)	-	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-	-
Amounts Lower Than Excesses as per Deduction Rules	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	-
Limits for Provisions Used in Tier II Capital Calculation	-	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	215.738	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	215.738	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	22.541	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4	-	-
(Effective between 1.1.2018-1.1.2022)	-	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

* *Amounts to be taken into consideration under the previous provisions.*

In the equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Explanations on the reconciliation of capital items to balance sheet:

Current Period (31.12.2021)	**Balance sheet value**	**Amount of adjustment**	**Value at capital report**
1. Paid-in-Capital	2.000.000	206.074	2.206.074
2. Capital Reserves	209.821	(206.074)	3.747
2.1. Share Premium	3.747	-	3.747
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3. Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(998)	1.310	312
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	(23.259)	27.577	4.318
5. Profit Reserves	1.463.876	(270)	1.463.606
6. Profit or Loss	816.197	270	816.467
6.1. Prior Periods' Profit or (Loss)	(270)	270	-
6.2. Current Period Profit or (Loss	816.467	-	816.467
Deductions from Common Equity Tier I Capital (-)	-	(167.290)	(167.290)
Common Equity Tier I Capital	**4.465.637**	**(138.403)**	**4.327.234**
Subordinated Loans	-	2.228.580	2.228.580
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	**4.465.637**	**2.090.177**	**6.555.814**
Subordinated Loans	-	833.881	833.881
General Provisions	-	290.632	290.632
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	**-**	**1.124.513**	**1.124.513**
Deductions from Total Capital (-)	-	-	-
Total	**4.465.637**	**3.214.690**	**7.680.327**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued):

Explanations on the reconciliation of capital items to balance sheet (Continued):

Prior Period (31.12.2020)	**Balance sheet value**	**Amount of adjustment**	**Value at capital report**
1.Paid-in-Capital	1.600.000	206.074	1.806.074
2.Capital Reserves	209.757	(206.074)	3.683
2.1. Share Premium	3.683	-	3.683
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(348)	-	(348)
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	14.914	3.924	18.838
5.Profit Reserves	1.262.036	-	1.262.036
6.Profit or Loss	501.583	-	501.583
6.1. Prior Periods' Profit or (Loss)	-	-	-
6.2. Current Period Profit or (Loss)	501.583	-	501.583
Deductions from Common Equity Tier I Capital (-)	-	(22.182)	(22.182)
Common Equity Tier I Capital	**3.587.942**	**(18.258)**	**3.569.684**
Subordinated Loans	-	1.371.165	1.371.165
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	**3.587.942**	**1.352.907**	**4.940.849**
Subordinated Loans	-	513.057	513.057
General Provisions	-	215.738	215.738
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	**-**	**728.795**	**728.795**
Deductions from Total Capital (-)	-	-	-
Total	**3.587.942**	**2.081.702**	**5.669.644**

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued):

Information on borrowing instruments to be included in the equity calculation:

Current Period (31.12.2021)	
Issuer/Loan supplier	Bank / Republic of Turkey Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Consolidated/ Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	834
Nominal value of instrument (TL million)	834
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, writedown trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

(Prior Period 31.12.2020)	
Loan supplier	Bank / Republic of Turkey Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Consolidated/ Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	513
Nominal value of instrument (TL million)	513
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, writedown trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

(Current Period 31.12.2021)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Consolidated / Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	2.229
Nominal value of instrument (TL million)	2.229
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, writedown trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

(Prior Period 31.12.2020)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Consolidated / Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.371
Nominal value of instrument (TL million)	1.371
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after the 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, writedown trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk:

Credit risk defined as the probability of loss that the Parent Bank may incur as a result of the counterparty's failure to comply its contractual obligation partially or completely in time. The Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of the loans, taking into account the best practices, within the framework of the BRSA regulations.

The most basic banking service provided by the Parent Bank to finance medium and long-term investments, which is the core function of the Bank, is the "project evaluation-based lending activity". Considering the proportional size within the balance sheet structure, credit risk is the most important risk item of the Parent Bank.

The general principle of the risk policies to be monitored by the Parent Bank is to take risks that can be defined, controlled and / or managed in this sense and to strive not to take a risk other than the risks that are inevitable and arising due to the nature of its activities. Based on the basic principle of ensuring that the risks to be taken within this scope are defined and manageable risks, the Parent Bank's credit risk is subject to foreign exchange risk, depending on the sensitivity shown to the compliance of loan disbursements with loan source conditions, except for credit risk and counterparty risk, which are inevitable due to the lending requirement, there are only manageable risks depending on the sensitivity shown to ensure that loan disbursements are compatible with loan resource conditions.

Having a fully functioning mechanism based on activities, the Parent Bank's Credit Rating Committee is responsible for determining the procedures and principles of the Bank's credit, assessing the credit-participation risk and the position of the placements, evaluating the reports prepared for the credit bureau, to continuously monitor lending activities, including the reorganization of the terms of its receivables, to establish the procedures and principles of the Parent Bank's participation policies, and to make the necessary changes within the framework of general economic policies.

All loan placements of the Parent Bank are allocated in accordance with legal legislations and reports prepared by Financial Analysis and Valuation Department and Loan Allocation Department and with approvals of Credit Rating Committee and Board of Directors. Since the lending of the Parent Bank are in the form of project financing, the amount of loan that can be disbursed to a firm is basically determined during project assessment stage and disbursements are made in a controlled manner through monitoring of expenditures.

The financial data of the customers are regularly monitored until the collection and liquidation of the risk is completed with respect to the customers that are lended by the Parent Bank, and with deferred payment plan. For the customers whose income is above a certain limit or need to be re-evaluated, both the customer and its headquarters and the investment place are examined and detected. A Monitoring Report including recommendations developed as a result of the examinations and detections is being prepared. This implementation of the Parent Bank's problematic loan portfolio review is continuously performed.

Loan balances of borrowers and other receivables are regularly monitored in accordance with the relevant legislation, and in case of an increase in the risk level of the borrower's credit, the credit limits are monitored and additional collateral is taken if necessary.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

For loan allocations, sectors are defined in accordance with borrowing conditions. The sectoral distribution of the loan customers is monitored and those distributions are taken into account during lending decisions and goals.

Parent Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of the loans, taking into account the best practices, within the framework of the BRSA regulations. The Parent Bank ensures that the credit risks of all products, not only loan products, and activities are defined, measured and managed, not limited to loan products only. The Board of Directors constantly reviews, develops and, if necessary, makes adjustments to the system to ensure that the loan decision support systems are in compliance with the structure, size and complexity of the Parent Bank's activities.

The Parent Bank is not subject to the general loan restrictions defined by the Article 54 of the Banking Law numbered 5411. However, in the Parent Bank's internal loan bylaws, the loan limits are determined mostly in parallel with the limitations set out in the Law. Loan monitoring department actively takes part in the measuring, analyzing and monitoring processes in order to determine credit risk level, and reports periodically to the Board of Directors, the Audit Committee and senior management.

Within the framework of the policies determined within the scope of BRSA Accounting and Financial Reporting Legislation;

The Parent Bank evaluates its financial assets in 3 stages within the scope of TFRS 9. In this context, the Parent Bank calculates the lifetime expected credit loss for the loans that have defaulted (Stage 3) and loans that have not yet defaulted but have significantly increased the credit risk at the date of disbursement (Stage 2). For other financial assets within the scope of TFRS 9 (Stage 1) the Parent Bank reflects the calculation including the probability of default within 12 months after the reporting date as the expected loss reserve.

In the Parent Bank forward and other derivative product transactions are carried out within the framework of asset-liability management taking into account legal limits. Credit risk assumed by such transactions is managed together with potential risks arising from market movements. There is no option contract in the Parent Bank.

The Parent Bank allocates provisions in accordance with TFRS 9 policy approved by the Board, "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside" and TFRS 9 Financial Instruments Standard.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Risk Categories	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	Risk Amount(*)	Average Risk Amount	Risk Amount(*)	Average Risk Amount
Conditional and unconditional receivables to central governments or central banks	5.702.181	3.982.969	2.633.292	2.269.472
Conditional and unconditional receivables to banks and brokerage houses	20.590.504	14.161.935	9.727.979	7.707.286
Conditional and unconditional corporate receivables	29.997.386	19.212.233	14.309.076	11.441.545
Conditional and unconditional retail receivables	-	-	-	262.152
Conditional and unconditional receivables secured by real estate property	930.838	1.429.069	2.054.807	2.188.208
Overdue receivables	326.710	74.177	68.133	10.324
Receivables defined in high risk category by BRSA	-	199.555	144.124	125.278
Receivables as a collective investment establishment	245.599	20.467	-	-
Other receivables	229.469	203.157	135.669	170.018

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

Restructured loans whose amortization schedule has been changed are followed in the accounts which are specified by related regulations and monitored in accordance with the Parent Bank's credit risk policies. Accordingly, commercial activities of debtors are analyzed and repayments are monitored whether they are in line with the repayments schedules or not, and necessary precautions are taken.

Since the Parent Bank does not have any risks within the scope of private sector loans and trading accounts in banking accounts in other countries, cyclical capital buffer is not calculated.

a) The Parent Bank's top 100 and 200 cash loan customers compose 89,89% and 98,37% of the total cash loan portfolio, respectively (31 December 2020: 89,87% and 98,15%).

b) The Parent Bank's top 100 and 200 cash and non-cash loan customers compose 73,81% and 80,32 of the total on and off balance sheet assets, respectively (31 December 2020: 66,08% and 71,94%).

c) The Parent Bank's top 100 and 200 non-cash loan customers compose 100% of the total non-cash loans (31 December 2020: 100%).

The Parent Bank allocated excpected credit loss provision (Stage 1 and Stage 2) amounting to TL 259.942 (31 December 2020: TL 193.646).

In the calculation of the ratios mentioned above, the expected credit loss provisions are not taken into consideration.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Profile of Significant Risks in Major Regions

	Risk Categories (***)							
	Conditional and Unconditional Receivables to Central Governments or Central Banks	Conditional and Unconditional Receivables to Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category By The Board (****)	Collective Investment Institution Like Receivables (****)	Other Receivables
Current Period (31.12.2021)								
Domestic	5.702.181	18.136.810	29.997.386	930.838	326.710	-	213.743	-
European Union (EU) Countries	-	302	-	-	-	-	31.856	-
OECD Countries (*)	-	2.453.392	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	10.119
Unallocated Assets (**)	-	-	-	-	-	-	-	219.350
Total	**5.702.181**	**20.590.504**	**29.997.386**	**930.838**	**326.710**	**-**	**245.599**	**229.469**
Prior Period (31.12.2020)								
Domestic	2.633.292	9.573.255	14.309.076	2.054.807	68.133	24.399	-	-
European Union (EU) Countries	-	115	-	-	-	119.725	-	-
OECD Countries (*)	-	154.557	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	20.543
Unallocated Assets (**)	-	-	-	-	-	-	-	116.807
Total	**2.633.292**	**9.727.927**	**14.309.076**	**2.054.807**	**68.133**	**144.124**	**-**	**137.350**

(*) Includes OECD countries other than EU countries, USA and Canada.
(**) Includes asset and liability items that cannot be allocated on a consistent basis.
(***) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.
(****) Receivables in the nature of collective investment institutions were reported in the category of receivables defined under high-risk category by the Board before December 2021.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Risk profile by sectors or counterparties:

Current Period (31 December 2021)	Conditional and Unconditional Receivables to Central Governments or Central Banks	Conditional and Unconditional Receivables to Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category by the Board	Collective Investment Institution Like Receivables(*)	Other Receivables	TL	FC	TOTAL
Agriculture	-	-	-	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	**-**	**-**	**27.507.544**	**646.477**	**326.710**	**-**	**-**	**-**	**2.291.215**	**26.189.516**	**28.480.731**
Mining and Quarrying	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	6.208.772	181.410	390	-	-	-	1.897.764	4.492.808	6.390.572
Electricity, Gas, Water	-	-	21.298.772	465.067	326.320	-	-	-	393.451	21.696.708	22.090.159
Construction	**-**	**-**	**6.080**	**-**	**-**	**-**	**-**	**-**	**-**	**6.080**	**6.080**
Services	**5.702.181**	**20.590.504**	**2.483.762**	**284.361**	**-**	**-**	**245.599**	**229.459**	**6.891.076**	**22.644.790**	**29.535.866**
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	5	1.511.841	256.684	-	-	-	-	520.498	1.248.032	1.768.530
Transportation and Telecommunication	-	-	43.316	-	-	-	-	-	43.316	-	43.316
Financial Institutions	5.702.181	20.590.499	730.244	-	-	-	245.599	229.459	6.300.833	21.197.149	27.497.982
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	69.560	27.677	-	-	-	-	26.429	70.808	97.237
Health and Social Services	-	-	128.801	-	-	-	-	-	-	128.801	128.801
Others	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10**	**10**	**-**	**10**
Total	**5.702.181**	**20.590.504**	**29.997.386**	**930.838**	**326.710**	**-**	**245.599**	**229.469**	**9.182.301**	**48.840.386**	**58.022.687**

(*) Collective investment institution like receivables were reported in the category of receivables defined under high risk category by the Board, before December 2021.

There are no balances in the following classes.

2-Contingent and non-contingent receivables from regional or local governments
3-Contingent and non-contingent receivables from Administrative Units and Non-Commercial Enterprises
4-Contingent and non-contingent receivables from multilateral development banks
5-Contingent and non-contingent receivables from international organizations
8-Contingent and unconditional retail receivables
Receivables that are determined to be high risk by the Board in 11-2021 and receivables that are like collective investment institutions in 2020
12-Mortgage secured securities
13-Securitization positions
14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables
16-Equity Investments

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Risk profile by sectors or counterparties:

Prior Period (31 December 2020)	Conditional and unconditional receivables to central governments or central banks	Conditional and unconditional receivables to banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category by the Board	Collective Investment Institution Like Receivables	Other Receivables	TL	FC	TOTAL
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	**-**	**-**	**12.613.148**	**1.804.414**	**66.234**	**-**	**-**	**-**	**765.566**	**13.718.230**	**14.483.796**
Mining and Quarrying	-	-	101.758	-	-	-	-	-	-	101.758	101.758
Production	-	-	2.135.240	83.862	738	-	-	-	658.845	1.560.995	2.219.840
Electricity, Gas, Water	-	-	10.376.150	1.720.552	65.496	-	-	-	106.721	12.055.477	12.162.198
Construction	**-**	**-**	**4.987**	**-**	**-**	**-**	**-**	**-**	**-**	**4.987**	**4.987**
Services	**2.633.292**	**9.727.927**	**1.556.819**	**250.393**	**1.899**	**144.124**	**-**	**136.965**	**4.352.155**	**10.099.264**	**14.451.419**
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	5	1.212.965	229.738	1.899	-	-	-	487.989	956.618	1.444.607
Transportation and Telecommunication	-	-	174.591	-	-	-	-	-	15.047	159.544	174.591
Financial Institutions	2.633.292	9.727.922	-	-	-	144.124	-	136.965	3.816.402	8.825.901	12.642.303
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	73.401	20.655	-	-	-	-	32.668	61.388	94.056
Health and Social Services	-	-	95.862	-	-	-	-	-	49	95.813	95.862
Others	**-**	**-**	**134.122**	**-**	**-**	**-**	**-**	**385**	**18.529**	**115.978**	**134.507**
Total	**2.633.292**	**9.727.927**	**14.309.076**	**2.054.807**	**68.133**	**144.124**	**-**	**137.350**	**5.136.250**	**23.938.459**	**29.074.709**

There are no balances in the following classes.
2-Contingent and non-contingent receivables from regional or local governments
3-Contingent and non-contingent receivables from Administrative Units and Non-Commercial Enterprises
4-Contingent and non-contingent receivables from multilateral development banks
5-Contingent and non-contingent receivables from international organizations
8-Contingent and unconditional retail receivables
Receivables that are determined to be high risk by the Board in 11-2021 and receivables that are like collective investment institutions in 2020
12-Mortgage secured securities
13-Securitization positions
14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables
16-Equity Investments

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Analysis of Maturity-Bearing Risks According to Remaining Maturities

Risk Categories Current Period (31.12.2021)	**Term to Maturity**				
	Up to 1 Month	**1-3 Months**	**3-6 Months**	**6-12 Months**	**Over 1 Year**
Conditional and unconditional receivables to central governments or central banks	32.122	286.775	-	399.032	4.952.976
Conditional and unconditional receivables to banks and brokerage houses	6.975.789	174.122	593.537	293.135	8.153.186
Conditional and unconditional corporate receivables	508.136	1.197.522	1.784.770	3.569.540	28.728.485
Conditional and unconditional retail receivables	-	-	-	-	-
Conditional and unconditional receivables secured by real estate property	13.978	32.942	49.096	98.192	736.631
Total	**7.530.025**	**1.691.361**	**2.427.403**	**4.359.899**	**42.571.278**

Risk Categories Prior Period (31.12.2020)	**Term to Maturity**				
	Up to 1 Month	**1-3 Months**	**3-6 Months**	**6-12 Months**	**Over 1 Year**
Conditional and unconditional receivables to central governments or central banks	25.318	42.880	273.895	164.282	2.105.766
Conditional and unconditional receivables to banks and brokerage houses	5.092.465	-	54.670	57.837	4.475.851
Conditional and unconditional corporate receivables	291.693	539.291	1.076.379	2.169.669	18.670.071
Conditional and unconditional retail receivables	-	-	-	-	-
Conditional and unconditional receivables secured by real estate property	27.135	50.169	100.133	200.266	1.677.105
Others	74	66	83	158	-
Total	**5.436.685**	**632.406**	**1.505.160**	**2.592.212**	**26.928.793**

Information on Risk Categories

For the determination of risk weights for risk classes defined in the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", all counter parties are treated as non-rated since no rating agency is authorized by the Bank.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Credit Risk by Risk Weights - Standard Approach (*)

Current Period (31.12.2021) Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other Risk Weights	Deductions from Equity
Before Credit Risk Mitigation	1.863.104	-	4.641.144	-	-	1.196.912	-	50.272.337	49.019	-	-	21.875
After Credit Risk Mitigation	1.863.105	-	4.641.144	-	-	1.358.179	-	50.111.240	49.019	-	-	-

(*) Excluding counterparty credit risk and securitization positions

Prior Period (31.12.2020) Risk Weights	0%	2%	10%	20%	50%	75%	100%	150%	250%	Deductions from Equity
Before Credit Risk Mitigation	2.590.844	-	-	1.466.623	1.982.913	-	22.888.577	144.124	-	17.744
After Credit Risk Mitigation	2.590.844	-	-	1.466.623	2.142.437	-	22.729.053	144.124	-	-

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Information by Major Sectors or Type of Counterparties:

The Parent Bank classifies its loans under the TFRS 9 Policy approved by the Board of Directors and allocates provisions. In this context, the Parent Bank calculates and reflects the lifetime expected credit loss to the relevant loans when the they have not fallen into default yet, but there is a significant increase in the credit risk at the date of credit's issuance (Stage 2) and in default (Stage 3).

In the TFRS 9 Provisions Methodology document approved by the Board of Directors, the Bank has determined the criterias of "Significant Increase in Credit Risk" and "Classification", loans are classified and provisioned according to these criterias.

	Credits		**Provisions**
	Impaired Loans (TFRS 9)		
Current Period (31.12.2021) **Major Sectors / Counter Parties**	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions (TFRS 9)
Agriculture	**-**	**-**	**-**
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	**1.703.537**	**791.666**	**543.877**
Mining and Quarrying	-	-	-
Production	256.847	17.043	16.929
Electricity, Gas and Water	1.446.690	774.623	526.948
Construction	**-**	**-**	**-**
Services	**579.813**	**62.350**	**65.449**
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	268.017	55.615	57.494
Transportation and Telecommunication	191.232	-	978
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	30.592	-	36
Health and Social Services	89.972	6.735	6.941
Others	**7.364**	**1.134**	**1.141**
Total	**2.290.714**	**855.150**	**610.467**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

	Credits		**Provisions**
	Impaired Loans (TFRS 9)		
Prior Period (31.12.2020) **Major Sectors / Counter Parties**	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions (TFRS 9)
Agriculture	**-**	**-**	**-**
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	**901.610**	**148.678**	**140.272**
Mining and Quarrying	-	-	-
Production	-	24.470	23.731
Electricity, Gas and Water	901.610	124.208	116.541
Construction	**-**	**-**	**-**
Services	**397.949**	**68.727**	**70.508**
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	188.527	62.073	61.362
Transportation and Telecommunication	129.245	-	2.093
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	24.862	-	173
Health and Social Services	55.315	6.654	6.880
Others	**-**	**1.106**	**1.106**
Total	**1.299.559**	**218.511**	**211.886**

Information on Movements in Value Adjustments and Provisions:

Current Period (31.12.2021)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	150.380	391.753	(13.693)	-	528.440
2. Stage 1 and 2 Provisions	215.611	299.605	(224.029)	-	291.187

Prior Period (31.12.2020)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	118.280	63.747	(31.647)	-	150.380
2. Stage 1 and 2 Provisions	115.289	102.593	(2.271)	-	215.611

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations on Consolidated Currency Risk:

The Parent Bank is exposed to currency risk because of inconsistency of the foreign currency denominated asset and liability balances with respect to the transactions made in foreign currencies.

The currency risk management policy of the Parent Bank is defined as keeping the "Foreign Currency Net General Position / Equity Standard" ratio within the legal boundaries with respect to the economic matters, trends in the market and financial position of the Parent Bank. By keeping up with this main goal and with respect to asset and liability management, foreign currency denominated assets are appreciated with the most favorable interest rates in the foreign currency market.

Currency risk is calculated within the scope of the standard method used for legal reporting.

Besides, the exchange rate risk faced by the Parent Bank daily is determined by preparing the foreign currency balance sheet by covering individual positions. Proforma foreign currency balance sheets are used for the measurement of the future exchange rate risks (including foreign currency-indexed assets and liabilities).

The Parent Bank has no hedging derivative instruments for foreign currency denominated borrowings and net foreign currency investments.

A non-speculative foreign exchange position management policy is followed in order to limit the exposure of the currency risk. In this respect, distribution of foreign currency denominated on balance sheet and off balance sheet items are considered.

In order to reduce the risk of foreign exchange rate fluctuations affecting the financial structure of the bank, the risk of foreign exchange rate of the Parent Bank is determined based on the Foreign Currency Net General Position / Equity ratio determined by the BRSA, which is 20%.

The foreign exchange buying rates of the Parent Bank as of the date of the financial statements and the last five business days prior to that date are as follows:

Date	USD	EURO	100 JPY
31/12/2021	13,1387	14,8572	11,4240
30/12/2021	12,2402	13,8510	10,6511
29/12/2021	11,6289	13,1453	10,1368
28/12/2021	11,4071	12,9208	9,9538
27/12/2021	11,2017	12,6758	9,8020

The simple arithmetic average of the last thirty day rates as of 31 December 2021; USD: TL 13,255916, EURO: TL 14,984500, 100 JPY: TL 11,669471.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations on Consolidated Currency Risk (Continued):

Information on the currency risk of the Parent Bank:

Current Period (31.12.2021)	**EURO**	**USD**	**Other FC(*)**	**Total**
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	253.271	74.184	1.124	328.579
Financial assets measured at fair value through profit and loss	213.743	-	-	213.743
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	1.177.836	1.768.759	-	2.946.595
Loans	11.791.996	22.452.043	-	34.244.039
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	2.848.402	-	-	2.848.402
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	13.488	56.023	-	69.511
Total assets	**16.298.736**	**24.351.009**	**1.124**	**40.650.869**
Liabilities				
Interbank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	13.651.233	22.680.925	-	36.332.158
Marketable securities issued	-	-	-	-
Sundry creditors	3.350.857	-	-	3.350.857
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	123.594	380.919	-	504.513
Total liabilities	**17.125.684**	**23.061.844**	**-**	**40.187.528**
Net balance sheet position	(826.948)	1.289.165	1.124	463.341
Net off-balance sheet position	846.860	(1.289.857)	-	(442.997)
Assets on derivative instruments	846.860	-	-	846.860
Liabilities on derivative instruments	-	(1.289.857)	-	(1.289.857)
Non-cash loans	1.017.718	1.234.957	-	2.252.675
Prior Period (31.12.2020)				
Total assets	**11.017.494**	**12.215.732**	**610**	**23.233.836**
Total liabilities	**11.004.611**	**12.224.768**	**-**	**23.229.379**
Net balance sheet position	12.883	(9.036)	610	4.457
Net off-balance sheet position	(6.399)	6.396	-	(3)
Assets on derivative instruments	2.742	16.582	-	19.324
Liabilities on derivative instruments	(9.141)	(10.186)	-	(19.327)
Non-cash loans	675.830	-	-	675.830

(*) The foreign currencies presented in the other FC column of assets comprise; 24% GBP, 47% CHF and 29% JPY.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations on Consolidated Currency Risk (Continued):

Consolidated Currency Risk Sensitivity:

The following table shows the sensitivity of the Parent Bank with 10% change in USD and EURO currencies.

	Increase in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (31.12.2021)	Prior Period (31.12.2020)	Current Period (31.12.2021)	Prior Period (31.12.2020)
USD	10	1.734	(1.019)	176.876	14.893
EURO	10	3.518	363	117.784	24.159
Other	10	112	61	-	-

	Decrease in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (31.12.2021)	Prior Period (31.12.2020)	Current Period (31.12.2021)	Prior Period (31.12.2020)
USD	10	(1.734)	2.298	(176.876)	(14.893)
EURO	10	(3.518)	(1.643)	(117.784)	(24.159)
Other	10	(112)	(61)	-	-

(*) Indicates the values before tax.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Consolidated Interest Rate Risk:

The interest rate risk indicates the probability of loss that the Parent Bank may incur due to the position of the financial instruments due to movements in the interest rates. Changes in interest rates affect the return on the assets and the cost of the liabilities. Interest rate risk arising from banking accounts, includes re-pricing risk, yield curve risk, base risk and option risk.

The interest rates determined by the market actors, especially the central banks, have a decisive role on the economic value of the Parent Bank’s balance sheet and on the Parent Bank’s income-loss balance. Sudden interest shocks in the market because the Parent Bank to open the gap between the applied interest rate of the revenue generating assets and the interest paid on the liabilities. The opening of this gap may cause the Parent Bank interest income to be adversely affected by fluctuations in market interest rates and may cause decrease in profitability of the Parent Bank.

The Parent Bank’s basic principle in the interest rate risk management policy is to avoid mismatch and provide alignment between loans disbursed with fixed and floating rate and funds provided with fixed and floating rate. Accordingly, interest rate, currency and maturity alignment are respected during the disbursement of loans funded by foreign long-term borrowings, which form the material part of the loan portfolio. Almost the entire loan portfolio is financed by floating rate borrowings, thus interest rate risk from changes in interest rates seems not probable for the loan portfolio because of the correlation provided between the sources and the uses and other loans in the portfolio are financed by the equity of the Bank.

Within the framework of the Parent Bank’s basic principle of interest rate risk policy, optimization of portfolio distribution in the management of interest-sensitive assets other than loans is provided by considering possible changes in duration of positions and current interest rate limits; by taking into account alternative return, limits of tolerable loss and risk. In this context, to measure the interest rate risk exposure of the Parent Bank, the effect of days to maturity and profit/loss are analyzed considering the scenarios of possible changes in interest rates for securities portfolio. Alternatives for compensation of probable losses that may arise as a result of fluctuations in interest rates are examined using different markets. Interest rate sensitivity analysis is also made for the positions besides securities portfolio.

There is no interest rate mismatch on loan portfolio as the main principle of interest rate adjustment on the source and disbursement side of the loan portfolio of the Parent Bank. For this reason, the Parent Bank's credit portfolio does not carry any interest rate risk even if it is affected by market volatility. Interest rate-sensitive items on the Parent Bank's balance sheet are limited only to the size of the Financial Assets Measured at Fair Value Through Other Comprehensive Income within the liquid portfolio.

In order to minimize the possibility of unfavorable effects of market interest rate changes on the Parent Bank’s financial position, risk limits are used for the management of interest rate risk. These limits are set by Asset-Liability Committee and approved by Board of Directors. The Parent Bank monitors and controls whether interest-sensitive assets are within the determined limits.

In order to minimize the likelihood that the change in market interest rates in the bank’s securities portfolio management will cause adverse effects on the financial structure of the bank, limits have been set on the adjusted duration of the securities portfolio and the amount of daily loss that may arise from the securities portfolio.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Consolidated Interest Rate Risk (Continued):

Based on the statutory 20% rate of “The Ratio of Interest Rate Risk Due To Banking Book” determined by the BRSA to the measurement and evaluation of the interest rate risk by using standard shock method, arising from the on-balance sheet and off-balance sheet positions in the banking book within the scope of the interest rate limits of the Parent Bank, is determined with a more conservative approach.

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

End of the Current Period (31.12.2021)	Up to 1 Month	1–3 Months	3–12 Months	1–5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey [1]	-	-	-	-	-	2.050	2.050
Banks [1]	3.240.649	-	-	-	-	32.453	3.273.102
Financial assets measured at fair value through profit and loss	-	-	-	-	-	220.867	220.867
Money market placements	992.465	-	-	-	-	-	992.465
Financial assets measured at fair value through other comprehensive income [3]	32.122	460.897	1.520.530	1.825.716	76.956	16.478	3.932.699
Loans [2]	15.880.496	5.400.291	4.561.834	4.364.753	6.160.752	326.711	36.694.837
Financial assets measured at amortised cost	-	-	-	2.935.638	75.399	-	3.011.037
Other assets [4]	365	-	-	-	-	251.308	251.673
Total Assets [5]	**20.146.097**	**5.861.188**	**6.082.364**	**9.126.107**	**6.313.107**	**849.867**	**48.378.730**
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	629.707	-	-	-	-	-	629.707
Sundry creditors	-	-	-	-	-	210.813	210.813
Marketable securities issued	51.882	-	-	-	-	-	51.882
Funds provided from other financial institutions	5.673.240	8.665.090	9.775.573	7.660.137	6.902.490	-	38.676.530
Other liabilities [4]	516.400	-	-	-	-	8.293.398	8.809.798
Total liabilities	**6.871.229**	**8.665.090**	**9.775.573**	**7.660.137**	**6.902.490**	**8.504.211**	**48.378.730**
Long position on balance sheet	13.274.868	-	-	1.465.970	-	-	14.740.838
Short position on balance sheet	-	(2.803.902)	(3.693.209)	-	(589.383)	(7.654.344)	(14.740.838)
Long position on off-balance sheet	-	-	-	-	-	-	-
Short position on off-balance sheet	-	-	-	-	-	-	-
Total position	**13.274.868**	**(2.803.902)**	**(3.693.209)**	**1.465.970**	**(589.383)**	**(7.654.344)**	**-**

(1) Balances without maturity are shown in “Non-interest Bearing” column.
(2) Net balance of non-performing loans and receivables are shown in “Non-interest Bearing” column.
(3) Securities representing share in capital are shown in “Non-interest Bearing” column.
(4) Deferred tax asset, shareholders’ equity, subordinated debt instruments and other non-interest bearing assets and liabilities are shown in “Non-interest Bearing” column.
(5) The expected credit losses for financial assets and other assets are reflected to the related items.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Consolidated Interest Rate Risk (Continued):

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

End of the Prior Period (31.12.2020)	Up to 1 Month	1–3 Months	3–12 Months	1–5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey [(1)]	-	-	-	-	-	1.174	1.174
Banks [(1)]	3.529.984	-	-	-	-	25.653	3.555.637
Financial assets measured at fair value through profit and loss	-	-	-	-	-	119.725	119.725
Money market placements	1.499.794	-	-	-	-	-	1.499.794
Financial assets measured at fair value through other comprehensive income [(3)]	227.050	24.484	479.843	219.175	-	14.990	965.542
Loans [(2)]	6.068.382	2.494.574	3.017.288	2.445.703	5.964.619	68.132	20.058.698
Financial assets measured at amortised cost	-	2.051	-	1.704.025	10.184	-	1.716.260
Other assets [(4)] [(5)]	43	-	-	-	-	154.865	154.908
Total Assets[(6)]	**11.325.253**	**2.521.109**	**3.497.131**	**4.368.903**	**5.974.803**	**384.539**	**28.071.738**
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	203.850	-	-	-	-	-	203.850
Sundry creditors	-	-	-	-	-	125.854	125.854
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	4.471.546	3.974.662	6.690.060	3.846.572	2.861.077	-	21.843.917
Other liabilities [(4)]	83.369	-	-	-	-	5.814.748	5.898.117
Total liabilities	**4.758.765**	**3.974.662**	**6.690.060**	**3.846.572**	**2.861.077**	**5.940.602**	**28.071.738**
Long position on balance sheet	6.566.488	-	-	522.331	3.113.726	-	10.202.545
Short position on balance sheet	-	(1.453.553)	(3.192.929)	-	-	(5.556.063)	(10.202.545)
Long position on off-balance sheet	-	-	-	-	-	-	-
Short position on off-balance sheet	-	-	-	-	-	-	-
Total position	**6.566.488**	**(1.453.553)**	**(3.192.929)**	**522.331**	**3.113.726**	**(5.556.063)**	**-**

(1) Balances without maturity are shown in "Non-interest Bearing" column.
(2) Net balance of non-performing loans and receivables are shown in "Non-interest Bearing" column.
(3) Securities representing share in capital are shown in "Non-interest Bearing" column.
(4) Deferred tax asset, shareholders' equity, subordinated debt instruments and other non-interest-bearing assets and liabilities are shown in "Non-Interest Bearing" column.
(5) Lease recievables (TL 30) are shown in other assets.
(6) The expected credit losses for financial assets and other assets are reflected to the related items.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Consolidated Interest Rate Risk (Continued):

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

End of the Current Period (31.12.2021)	**EURO**	**USD**	**JPY**	**TRY**
Assets (*)				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	1,03	0,10		20,61
Financial assets measured at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	14,50
Financial assets measured at fair value through other comprehensive income	3,02	3,27	-	11,77
Loans	3,17	4,20	-	15,30
Financial assets measured at amortised cost	5,10	-	-	4,88
Liabilities (*)				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	14,54
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds accepted by development and investment banks	-	0,16	-	11,00
Funds provided from other financial institutions	1,37	2,09	-	13,76

(*) Ratios shown in the table are calculated by using annual interest rates.

End of the Prior Period (31.12.2020)	**EURO**	**USD**	**JPY**	**TRY**
Assets (*)				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	1,61	1,17	-	18,04
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	17,98
Financial assets measured at fair value through other comprehensive income	2,82	7,31	-	13,66
Loans	3,17	4,21	-	12,98
Other financial assets measured at amortized cost	5,16	-	-	3,61
Liabilities (*)				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	17,44
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds accepted by development and investment banks	-	0,20	-	12,00
Funds provided from other financial institutions	1,32	2,25	-	9,30

(*) Ratios shown in the table are calculated by using annual interest rates.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations on Position Risk of Consolidated Equity Securities:

None.

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio:

1. Liquidity risk management

The Parent Bank's liquidity management is managed by Treasury Department in coordination with related departments and the strategies constituted by Asset Liability Committee as part of "Risk Management Strategies, Policies and Application Principles" that is approved by the Board of Directors. The liquidity risk management as per the implementation principles are stated as follows:

Liquidity risk refers to the probability that the Parent Bank will incur the consequential loss that it cannot anticipate or face unforeseeable, all cash flow requirements without affecting the day-to-day operations or financial structure.

Liquidity risk also represents the possibility of loss due to Bank's inability of settling with market prices since the lack of depth and excessive fluctuations in the market.

The main policy of Liquidity Risk Management in the Parent Bank is to provide quality asset structure in which any liabilities can be fulfilled. Since the Parent Bank is specialized, its liquidity need is more predictable as compared to commercial banks, and ensures cash flows provided for its liabilities more regularly.

The type, maturity structure and compliance of interest rates with assets and liabilities in the balance sheet, is assured within the framework of the Asset Liability Management Committee's decisions. The Parent Bank keeps liquidity ratios within risk limits as set out in legal legislation and follows regularly.

In order to manage liquidity risk, proforma cash flows are set on the basis of predictable data by evaluating the maturities of asset and liability structure. Proper placement of liquidity excess considering alternative gains and meeting liquidity needs with the most appropriate cost of funding is essential.

Additionally, monthly proforma cash flows and balance sheet durations regarding the fulfilment level of medium and long term liabilities are traced in order to determine early factors that generate risk.

Mainly for risk measurement and monitoring activities to determine the level of liquidity risk;

The liquidity risk of the Parent Bank is calculated by using "Liquidity Analysis Forms" in accordance with the format determined by the BRSA and reported to the BRSA on a weekly and daily basis.

Limits on liquidity risk are determined under; the legal limitations set out by the BRSA and the "Liquidity Emergency Plan Directive of the Bank". The Bank's "Liquidity Emergency Plan Directive" came into force with the decision of the Board of Directors dated 27 October 2016 and numbered 2016-20-10 / 180. Situations that require the implementation of the Liquidity Emergency Plan are followed by indicators derived from bank-specific (internal) and financial market developments. The Liquidity Emergency Plan includes actions to ensure that the Parent Bank fulfills its obligations at its current level and to maintain liquidity at the level required by the Parent Bank or to achieve liquidity at acceptable costs and to provide the necessary liquidity with the objective of protecting the Parent Bank's reputation.

In the liquidity risk management of the Parent Bank, the limitations within the scope of the relevant regulations of the BRSA and the internal risk limits determined within the framework of the Parent Bank's "Risk Management Strategies, Policies and Implementation Principles" and general market conditions are determinants. Therefore, units active in liquidity risk management, especially the Treasury Unit, act within these limitations.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

1. Consolidated liquidity risk management (Continued):

First limitation on legal requirements set by the BRSA is; as per the regulation on "Calculation of Liquidity Coverage Ratio", minimum limits of 100% and 80% are assigned on consolidated and unconsolidated basis respectively for total and foreign currency limits. On the other hand investment and development banks are exempt from those limitations until BRSA has determined otherwise.

The Parent Bank's internal reporting within the scope of liquidity risk management consists of daily, weekly and monthly reports. Daily balance sheets and duration calculations are followed in daily basis report. On weekly reports, liquidity limits are monitored. Weekly realized liquidity limits determined by Board of Directors is aggregated in monthly risk limits monitoring report. Those reports investigate legal risks and adaption of early warning limits. Also, to monitor liquidity risk in "TKB Riskiness Analysis According to Selected Indicators and Risk Groups" report prepared monthly includes;

- Proforma Cash Flows Statement,
- Proforma Currency Balance Sheet,
- Duration of Balance Sheet Items, -in detail- Marketable Securities (by class of financial instruments),
- Summary of liquidity forms sent to BRSA

with proforma cash flows statement amount of future liquid assets are shown in different scenarios for one year period.
Related report is presented to the Board of Directors; the Audit Committee and senior management on a monthly basis. By taking into consideration these reports, the Asset Liability Committee and Audit Committee evaluate the liquidity position of the Parent Bank, and results of liquidity measurement system are included in the decision making process.

Regarding the liquidity risk, as well as legal limits, internal limits have been determined in accordance with its own internal procedures, mission and risk appetite, as included in the Parent Bank's risk policies. These limits have been determined by the Board of Directors in excess of legal limits, including early warning limits, and are revised annually.

2. Consolidated liquidity coverage ratio

The Parent Bank's liquidity coverage rates are prepared weekly in accordance with the "Regulation on Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 and reported to the BRSA. Including the reporting period for the last 3 months minimum and maximum levels of unconsolidated foreign currency and total liquidity coverage ratios are shown below by specified weeks:

	Liquidity Coverage Ratio (Weekly Consolidated)			
Current Period (31.12.2021)	FC	Date	FC+TL	Date
Maximum (%)	111,02	23.11.2021	190,09	23.11.2021
Minimum (%)	34,51	30.12.2021	117,90	30.12.2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

2. Consolidated liquidity coverage ratio (Continued):

	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
Current Period (31.12.2021)	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH-QUALITY LIQUID ASSETS			**1.869.802**	**839.414**
Total high-quality liquid assets (HQLA)	-	-	1.869.802	839.414
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	670.193	506.562	478.109	341.697
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	670.193	506.562	478.109	341.697
Secured wholesale funding			-	-
Other cash outflows	1.771.629	1.704.549	1.771.629	1.704.549
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.771.629	1.704.549	1.771.629	1.704.549
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	7.937.803	3.210.256	396.890	160.513
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			**2.646.628**	**2.206.759**
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	4.078.383	2.102.203	4.174.950	1.991.297
Other cash inflows	1.702.598	266.129	1.702.598	266.129
TOTAL CASH INFLOWS	**5.780.981**	**2.368.332**	**5.877.548**	**2.257.426**
			Total Adjusted Value	
TOTAL HIGH QUALITY LIQUID ASSETS			**1.869.802**	**839.414**
TOTAL NET CASH OUTFLOWS			**1.191.304**	**1.201.486**
LIQUIDITY COVERAGE RATIO (%)			**156,95**	**69,86**

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

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

2. Consolidated Liquidity coverage ratio (Continued):

	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
Prior Period (31.12.2020)	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH-QUALITY LIQUID ASSETS			**3.049.208**	**355.436**
Total high-quality liquid assets (HQLA)	-	-	3.049.208	355.436
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	575.955	349.552	459.863	248.379
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	575.955	349.552	459.863	248.379
Secured wholesale funding			-	-
Other cash outflows	205.438	157.381	205.438	157.381
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	205.438	157.381	205.438	157.381
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	6.692.040	4.215.726	334.602	210.786
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			**999.903**	**616.546**
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	2.175.456	1.170.064	2.073.827	1.069.995
Other cash inflows	205.314	130.643	205.314	130.643
TOTAL CASH INFLOWS	**2.380.770**	**1.300.707**	**2.279.141**	**1.200.638**
			Total Adjusted Value	
TOTAL HIGH QUALITY LIQUID ASSETS			**3.049.208**	**355.436**
TOTAL NET CASH OUTFLOWS			**474.745**	**340.989**
LIQUIDITY COVERAGE RATIO (%)			**642,28**	**104,24**

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

3. Explanations consolidated liquidity coverage ratio

Significant factors that impact the result of consolidated liquidity coverage ratio and change of the items in time that are taken into account in calculation of this ratio

The significant factors that impact liquidity coverage ratio are net cash outflows and high quality assets stock. Items in the calculation of the ratio in consideration may be changed in time because of economic structure and decisions of the Bank on fund management.

The explanation about elements of the high quality liquid assets

High quality liquid assets mostly consist of domestic government bonds, and Eurobonds.

Content of funds and their composition

The main funding source of the Parent Bank is loans attained from domestic and international financial institutions. The share of these resources in all funds is approximately 87,2%. 3,5% of the Bank's total funding consists of funds, 7,7% consists of subordinated debt instruments and 1,5% is provided from money markets.

Cash outflows generating from derivative transactions and information about which transactions are subject to collateral margin

The Parent Bank's derivative transactions are predominantly currency swap purchase-sale transactions. Income and expense figures related to derivative transactions made within the year are accounted in profit / loss from derivative financial transactions. There are no transactions that are likely to complete collateral.

Counterparty and product-based funding sources and concentration limits on collateral

The fund sources of the Parent Bank, whose field of activity is development banking, are generally international development banks and financial institutions; there is no concentration limit on the other party and product basis.

The operational and legal factors that hinder consolidated liquidity transfer which is needed by the bank itself, its foreign branch and its consolidated subsidiary, and respective liquidity risk.

None.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

4. Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed [1]	Total
Current Period (31.12.2021)								
Assets								
Cash (Cash on hand, Money in Transit, Purchased Cheques and Balances with Central Bank)	2.050	-	-	-	-	-	-	2.050
Banks	32.453	3.240.649	-	-	-	-	-	3.273.102
Financial Assets at Fair Value through Profit/Loss	220.867	-	-	-	-	-	-	220.867
Interbank Money Market Placements	-	992.465	-	-	-	-	-	992.465
Financial Assets Measured at Fair Value Through Other Comprehensive Income	16.478	32.136	463.924	1.334.251	1.829.438	256.472	-	3.932.699
Loans[2]	-	426.317	1.004.699	4.544.269	22.653.897	7.738.944	326.711	36.694.837
Financial Assets Measured at Amortised Cost	-	-	36.368	9.983	2.890.879	73.807	-	3.011.037
Other Assets [2]	-	365	-	-	-	-	251.308	251.673
Total Assets[3]	**271.848**	**4.691.932**	**1.504.991**	**5.888.503**	**27.374.214**	**8.069.223**	**578.019**	**48.378.730**
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	1.745.789	683.335	3.000.160	19.233.107	14.014.139	-	38.676.530
Interbank Money Market Takings	-	629.707	-	-	-	-	-	629.707
Securities Issued	-	51.882	-	-	-	-	-	51.882
Miscellaneous Payables	210.813	-	-	-	-	-	-	210.813
Other Liabilities [2]	246.799	421.976	15.045	-	-	-	8.125.978	8.809.798
Total Liabilities	**457.612**	**2.849.354**	**698.380**	**3.000.160**	**19.233.107**	**14.014.139**	**8.125.978**	**48.378.730**
Liquidity Gap	**(185.764)**	**1.842.578**	**806.611**	**2.888.343**	**8.141.107**	**(5.944.916)**	**(7.547.959)**	**-**
Net Off-Balance Position	**-**	**(25.425)**	**-**	**-**	**-**	**-**	**-**	**(25.425)**
Derivative Financial Assets	-	1.264.432	-	-	-	-	-	1.264.432
Derivative Financial Liabilities	-	1.289.857	-	-	-	-	-	1.289.857
Non-Cash Loans	**53.119**	**54.972**	**-**	**53**	**-**	**2.197.703**	**-**	**2.305.847**
Prior Period (31.12.2020)								
Total Assets	**161.543**	**5.259.329**	**420.322**	**2.810.557**	**14.098.588**	**5.098.401**	**222.998**	**28.071.738**
Total Liabilities	**206.492**	**658.320**	**372.646**	**1.656.992**	**12.034.620**	**7.453.292**	**5.689.376**	**28.071.738**
Liquidity Gap	**(44.949)**	**4.601.009**	**47.676**	**1.153.565**	**2.063.968**	**(2.354.891)**	**(5.466.378)**	**-**
Net Off-Balance Position	**-**	**35**	**-**	**-**	**-**	**-**	**-**	**35**
Derivative Financial Assets	-	26.748						26.748
Derivative Financial Liabilities	-	26.713						26.713
Non-Cash Loans	**93.842**	**-**	**-**	**45.155**	**53.248**	**538.411**	**-**	**730.656**

[1] Assets, such as fixed assets, associates, subsidiaries, property value, prepaid expenses and net non performing receivables, other asset accounts that would not be converted to cash in a short time period and needed to be used in the banking activities; liabilities and equity accounts, such as the accounts with no maturities and provisions, are shown in the undistributed column. Deferred tax asset is included in the undistributed column.

[2)] The expected credit losses for financial assets and other assets are reflected in the related items.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

Remaining maturity of contractual financial liabilities:

In compliance with the TFRS 7, the following table indicates the maturities of the Group's major non-derivative financial liabilities. The following tables have been prepared by referencing the earliest dates of payments without discounting the liabilities. The interest to be paid to the related liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The balances of the related liabilities in balance sheet do not include these amounts.

Current Period (31.12.2021)	Book Value	Principal Nominal Output	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Liabilities							
Funds provided from other financial ınstitutions	38.728.412	42.564.954	1.187.623	754.303	3.581.284	21.584.693	15.457.051
Money market borrowings	629.707	629.707	629.707	-	-	-	-
Total	**39.358.119**	**43.194.661**	**1.817.330**	**754.303**	**3.581.284**	**21.584.693**	**15.457.051**

Prior Period (31.12.2020)	Book Value	Principal Nominal Output	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Liabilities							
Funds provided from other financial ınstitutions	21.843.917	25.817.383	162.337	372.415	15.120.725	1.919.445	8.242.461
Money market borrowings	205.378	205.378	205.378	-	-	-	-
Total	**22.049.295**	**26.022.761**	**367.715**	**372.415**	**15.120.725**	**1.919.445**	**8.242.461**

The following table shows non-cash loans according to remaining maturities.

Current Period (31.12.2021)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	-	54.972	-	-	-	-	54.972
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	53.119	-	-	53	-	1.869.236	1.922.408
Acceptances	-	-	-	-	-	-	-
Other	-	-	-	-	-	328.467	328.467
Total	**53.119**	**54.972**	**-**	**53**	**-**	**2.197.703**	**2.305.847**

Prior Period (31.12.2020)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	-	-	-	33.822	-	-	33.822
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	54.773	-	-	103.597	53	538.411	696.834
Acceptances	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	**54.773**	**-**	**-**	**137.419**	**53**	**538.411**	**730.656**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations on Consolidated Leverage Ratio:

In the current period, in Tier 1 capital was higher than the rate of increase in total risk amount. As of 31 December 2021, the Bank's leverage ratio calculated from the average of three months is 11,77% (31 December 2020: 15,29%). The reason why the leverage ratio of the current period is lower than the leverage ratio of the previous period is that the total risk amount related to on-balance sheet assets has increased at a higher rate than the amount of Tier 1 capital.

Summary comparison table of total asset amount and total risk amount in consolidated financial statements prepared in accordance with TAS:

		Current Period[(1),(2)]	**Prior Period[(1),(3)]**
		(31.12.2021)	**(31.12.2020)**
1	The total amount of assets included in the consolidated financial statements issued in accordance with TAS	43.460.959	27.225.257
2	The difference between total assets prepared in accordance with Turkish Accounting Standards and tota assets in consolidated financial statements prepared in accordance with the communiqué "Preparation o Consolidated Financial Statements"	(127.658)	221.398
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	7.606.402	122.118
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financ Statements" and risk amounts	(366.459)	(105.017)
5	The difference between the amounts of off-balance items in consolidated financial statements prepared accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	(6.390.186)	(6.906.300)
6	Other differences between the amounts in consolidated financial statements prepared in accordance wit the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	40.234.115	21.645.966
7	Total risk amount	**53.864.244**	**28.779.401**

(1) The amounts in the table show the averages of the last three months of the relevant period.
(2) The current period amount of the consolidated financial statements prepared under the 6th paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks has been prepared by using the reviewed financial statements of non-financial corporations dated 30 June 2021.
(3) The prior period amount of the consolidated financial statements prepared under the 6th paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks has been prepared by using the reviewed financial statements of non-financial corporations dated 31 December 2020.

On-balance sheet assets (*)	**Current Period (31.12.2021)**	**Prior Period (31.12.2020)**
Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	43.798.383	27.093.675
(Assets deducted in determining Tier 1 capital)	-	-
Total balance sheet exposures	43.798.383	27.093.675
Derivative financial instruments and loan derivatives		
Replacement cost of derivative financial instruments and loan derivatives	-	-
Potential loan risk of derivative financial instruments and loan derivatives	7.606.402	122.118
Total derivative financial instruments and loan derivatives exposure	7.606.402	122.118
Securities financing transaction exposure		
Risk amount of financing transactions secured by marketable security or commodity (excluding on-balance sheet)	38.245	84
Risks from brokerage activities related exposures	-	-
Total risk amount of financing transactions secured by marketable security or commodity	38.245	84
Off-balance sheet items		
Gross notional amounts of off-balance sheet items	8.811.400	8.469.824
(Adjustments for conversion to credit equivalent amounts)	(6.390.186)	(6.906.300)
Total risks of off-balance sheet items	2.421.214	1.563.524
Capital and total risks		
Tier 1 capital	6.224.226	4.407.069
Total risks	53.864.244	28.779.401
Leverage ratio		
Leverage ratio	**11,77**	**15,29**

(*) Calculated by taking the average of the last three months financial statements' data.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values:

When fair value of financial assets and liabilities are determined, discounted values are taken into consideration according to remaining maturities. Transactions traded on the stock exchange are valued by using the daily weighted average prices of the last working day on the balance sheet date based on the stock market value.

	Book Value (*)		Fair Value	
	Current Period (31.12.2021)	**Prior Period (31.12.2020)**	**Current Period (31.12.2021)**	**Prior Period (31.12.2020)**
Financial Assets	**48.921.134**	**28.269.945**	**49.099.846**	**28.378.717**
Money markets placements	993.282	1.500.739	993.282	1.500.739
Banks	3.278.675	3.563.874	3.278.675	3.563.874
Financial assets measured at fair value through profit and loss	220.867	119.725	220.867	119.725
Financial assets measured at fair value through other comprehensive income	3.932.699	965.542	3.932.699	965.542
Financial assets measured at amortised cost	3.012.392	1.717.342	3.029.885	1.729.151
Loans	37.483.219	20.402.723	37.644.438	20.499.686
Financial Liabilities	**42.290.082**	**23.963.014**	**44.801.615**	**24.717.620**
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds provided from other financial institutions	38.728.412	21.843.917	41.239.945	22.598.523
Subordinated debt	3.350.857	1.993.243	3.350.857	1.993.243
Marketable securities issued	-	-	-	-
Sundry creditors	210.813	125.854	210.813	125.854

(*) The book values of financial assets and liabilities in the table are calculated by adding accrual amounts at the end of the period.

Methods and estimations used for the fair value determination of financial instruments which are not presented with their fair values in the financial statements:

i- For the fair value determination of loans, interest rates as of balance sheet date are considered.

ii- For the fair value determination of banks, interest rates as of balance sheet date are considered.

iii- In order to calculate the fair value of other financial assets measured at amortized cost, the stock market value as of the balance sheet date has been used.

iv- For the fair value determination of the funds provided from other financial institutions, alternative resource interest rates are considered.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values (Continued):

Information on fair value measurements recognized in the financial statements:

TFRS 7 "Financial Instruments: Disclosures" standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified. According to this standard, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles.

Current Period (31.12.2021)	**Level 1**	**Level 2**	**Level 3**
Financial Assets at Fair Value Through Profit and Loss	**-**	**-**	**220.867**
Debt securities	-	-	-
Share certificates	-	-	213.743
Other	-	-	7.124
Financial Assets at Fair Value Through Other Comprehensive Income	**3.916.222**	**-**	**16.477**
Debt securities	3.916.222	-	-
Share certificates	-	-	16.477
Other	-	-	-
Derivative Financial Assets	**-**	**365**	**-**
Investment in Associates and Subsidiaries[(1)]	-	-	**-**
Derivative Financial Liabilities	-	**26.693**	-

(1) Since the unlisted investments in associates and susbsidiaries are recognized at acquisition cost, these companies are not included in the table.

Prior Period (31.12.2020)	**Level 1**	**Level 2**	**Level 3**
Financial Assets at Fair Value Through Profit and Loss	**-**	**-**	**119.725**
Debt securities	-	-	-
Share certificates	-	-	119.725
Other	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	**950.552**	**-**	**14.990**
Debt securities	950.552	-	-
Share certificates	-	-	14.990
Other	-	-	-
Derivative Financial Assets	**-**	**43**	**-**
Investment in Associates and Subsidiaries[(1)]	-	-	**-**
Derivative Financial Liabilities	-	**47**	-

(1) Since the unlisted investments in associates and subsidiaries are recognized at acquisition cost, these companies are not included in the table.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values (Continued):

The table below shows the movement table of level 3 financial assets.

Level 3 Movement Table	**Current Period (31.12.2021)**	**Prior Period (31.12.2020)**
Balance at the Beginning of the Period	**134.715**	**98.253**
Purchases During the Period	12.577	9.386
Disposals Through Sale/Redemptions	(28.780)	(4.599)
Valuation Effect	118.832	31.675
Transfers	-	-
Balance at the End of the Period	**237.344**	**134.715**

IX. Explanations on the Transactions Made on Behalf of Others and Items Held in Trust:

The Parent Bank provides security buying, selling and custody services on behalf and account of others. The Parent Bank also acts as an intermediary in the execution of tourism and infrastructure investments on behalf of the Republic of Turkey Ministry of Culture and Tourism, and no new resources have been transferred in this context recently.

There are no transactions based on faith by the Parent Bank.

X. Explanations on Consolidated Risk Management:

1. General information on consolidated risk management and risk weighted amounts:

The Parent Bank’s risk management approach:

It should be emphasized firstly that the Parent Bank is actively using committees and risk budgeting in decision-making mechanisms and risk management processes while assessing risk management performance in addition to the functional and financial performance, which has operational mechanisms based on a wide range of activities. Within the framework of the Bank's vision, mission, strategic objectives and targets set by the Board of Directors and risk management policies and strategies; the Asset and Liability Management Committee and the Credit Participation Committee constitute two main committees that play a critical role in the execution of the Parent Bank’s activities; which the Asset and Liability Management Committee ensuring that the assets and liabilities are managed effectively and efficiently by taking into consideration the current and possible economic developments and the factors such as interest, maturity and currency, and establishing coordination and communication between the Senior Management and the Bank’s units, and the Credit Participation Committee with the function of determining the principles of lending, evaluating the credit-participation risk and the situation of the investment, evaluating the reports prepared on the loan appraisal and in summary taking care of all the lending activities. Within the framework of the short-term strategies determined by the Asset and Liability Management Committee in line with the vision and strategic objectives of the Parent Bank's Strategic Plan, each of the units in the Parent Bank comply with these targets and the risk budgeting application based on the consolidation of these budgets are applied to contribute to the basic activities of the Parent Bank.

Risk monitoring processes constitute the main determinant of risk management policies in decision making processes in the Parent Bank. The organizational structure of the risk monitoring processes is composed of, the “Internal Control” and “Risk Monitoring” Directorates which the duties and authorities established within the Parent Bank with the decision of the Board of Directors pursuant to the Banking Law and the BRSA legislation, the Audit Committee and the Internal Inspection Department. The units within the internal systems of the Parent Bank and the Audit Committee undertake their activities in accordance with the “Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process” dated 11/07/2014 and numbered 29057 of the BRSA.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

1. General information on consolidated risk management and risk weighted amounts (Continued):

The Parent Bank's risk management approach (Continued):

The general principle of the risk policies followed by the Parent Bank where the implementation of committees and risk budgeting actively in decision-making mechanisms and risk management processes; which was approved by Board of Directors dated 11.01.2016, 2016-01-15/015 stated in the Parent Bank's "Risk Management Strategies, Policies and Implementation Principles", "To specialize in the activities in accordance with the mission, vision and structure determined by the Establishment Law, to take risks that can be identified, controlled and / or managed, and to make efforts to avoid any risks other than the risks inevitable and arising as part of the nature of the activities". While the Parent Bank is specializing in its activities in accordance with its vision and structure in line with this general principle, it shapes the asset composition in line with this principle and in the risk management policy it is subject to the principle of "taking risks that can be controlled and / or managed, not taking any risks other than the risks that are unavoidable and to apply this principle as much as possible. In this context, it is the basic principle to ensure that the risks to be taken are defined and manageable.

In addition, to the extent that risk measurement and reporting techniques allow, measurement of the present and future potential impacts of the risks taken is made possible and written limits for the risks arising from the operations of the Parent Bank and for the digitization are determined according to the BRSA regulations. Therefore, the risk appetite of the Parent Bank is determined and monitored by the risk limits prepared in accordance with the provisions of Article 39 titled "Risk Appetite Structure" of Internal Systems and ICAAP Regulations of Banks No. 29057 issued by the BRSA and published in the Official Gazette on 11 July 2014. "Risk Limits and Implementation Principles", which are revised by the Risk Monitoring Department annually in accordance with the Parent Bank's risk policies and accepted by the Board of Directors, are the main policy that determines the Parent Bank's risk appetite structure.

According to the "Risk Limits and Implementation Guidelines" which is the most important indicator of the risk appetite of the bank, limits, early warning limits and actions to be taken in case of exceeding limit are determined by basic risk groups. In determining limits, the legal limits shape the general framework. However, in addition to the principle of prudence in risk management, specific limits specific to the Parent Bank are also set for each risk type. The early warning limits are intended to prevent limit overs, and the limits are set one level below (or above). Each risk group covered by the Parent Bank's risk limits is monitored by reports made to the Senior Management and the Audit Committee on a daily, weekly, monthly basis by the Risk Management Department and is first informed to the relevant unit in the framework of the actions to be taken in determining the elimination of exceeded limits.

It is clear that both the decision-making mechanisms and the risk management processes are the general principle of risk policies and the Parent Bank has a "risk avoider" risk appetite within the framework of risk limits and implementation principles.

The limits stated in the text of "Risk Appetite Structure, Risk Limits and Implementation Principles" approved by the Board of Directors within the framework of the 37th article of "Regulation on Internal Systems of Banks" issued by the BRSA for quantifiable risks arising from the activities of the Parent Bank are determined. The Risk Management Department monitors compliance with these limits and regularly reports to the Board of Directors, the Audit Committee and the Senior Management.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

1. General information on consolidated risk management and risk weighted amounts (Continued):

The Parent Bank's risk management approach (Continued):

Stress test scenario analyzes carried out by our Parent Bank within the scope of risk management activities include various techniques to measure the potential resilience of the bank portfolio against unexpected risks. Capital Planning Buffer prepared in accordance with the provisions of the “Stress Test Program” specified in article 43 of “Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process” and Guidelines for Stress Tests to be Used by Banks in Capital and Liquidity Planning and specified in Article 59 of the Regulation. The results of the implementation of the scenarios determined by the BRSA used in the calculation are sent to the BRSA within the scope of the ISEDES (Internal Capital Adequacy Assessment Process) Report prepared by Risk Management Department annually. In the ISEDES Report, the Parent Bank's capital adequacy level is evaluated by applying the BRSA and our Bank scenarios on the Bank's 3-year Strategic Plan predictions.

The stress test scenario analyzes, which are updated quarterly for The Bank, are also structured in a structure parallel to ISEDES practices. Stress testing is carried out by applying two negative scenarios of the relevant year, determined by the BRSA, to the financial statements and capital adequacy ratio components of the period to be tested.

In the stress test study, shocks are given on the basis of two basic parameters (interest and exchange rate), and by each parameter and each scenario the effects of these shocks on;

i- Balance Sheet And Income Statement

ii- Legal Equity

iii- Risk Weighted Assets (RWA)

iv- Capital Adequacy Ratio (CAR)

are evaluated.

The first parameter used in the scenario analysis is the exchange rate and the other is the interest rates. Exchange rate and interest shocks are designed as base, negative and extremely negative scenarios sent by BRSA.

On the Parent Bank’s securities portfolio, portfolio sensitivity is firstly calculated against changes in interest rates, and two separate scenarios are set forth to compensate for the potential loss arising from adverse interest rate changes.

The Parent Bank's “Proforma Cash Flows Statement” analysis, which is prepared based on the possible cash inflows and outflows in the next one-year period, including seven different scenarios, ranging from 45 percent to 95 percent of “loan collection rates” and implicitly including currency and interest forecasts, it is the most detailed scenario analysis that the Bank has prepared. In this analysis, the effects of different collection ratios on the liquidity risk of the Parent Bank are evaluated.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

1. General information on consolidated risk management and risk weighted amounts (Continued):

Footnotes and related explanations prepared in accordance with the “Communiqué on Disclosures About Risk Management to Be Announced to Public by Banks” published in the Official Gazette No. 29511 on 23 October 2015 and entered into force as of 31 March 2017 are given in this section. In accordance with the relevant communiqué, the following tables, which should be given quarterly, were not presented as of 31 December 2021, as the Parent Bank’s standard approach was used in the calculation of capital adequacy:

- RWA flow statement under IMM (Internal Model Method)

- RWA flow statements of CCR exposures under Internal Model Method (IMM)

- RWA flow statements of market risk exposures under an IMA

Overview of risk weighted amounts:

		Risk Weighted Amount		**Minimum Capital Requirement**
		Current Period (31.12.2021)	**Prior Period (31.12.2020)**	**Current Period (31.12.2021)**
1	Credit risk (excluding counterparty credit risk) (CCR)	47.686.738	24.299.262	3.814.939
2	Of which standardized approach (SA)	47.686.738	24.299.262	3.814.939
3	Of which internal rating-based (IRB) approach		-	
4	Counterparty credit risk	4.132.734	10.520	330.619
5	Of which standardized approach for counterparty credit risk (SA-CCR)	4.132.734	10.520	330.619
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	Securitization exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Standard Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market Risk	758.350	26.800	60.668
17	Of which standardized approach (SA)	758.350	26.800	60.668
18	Of which internal model approaches (IMM)			
19	Operational Risk	1.253.797	952.909	100.304
20	Of which basic indicator approach	1.253.797	952.909	100.304
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 adjustments	-	-	-
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**53.831.619**	**25.289.491**	**4.306.530**

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations

General qualitative information on credit risk:

The Parent Bank calculates its legal credit risk as per the framework of the "Regulation on the Measurement and Evaluation of Banks' Capital Adequacy" and Basel II criteria. The management of credit risk is essential in such a way as to ensure that the standard ratio of legal capital adequacy is above the minimum limit of existing regulations.

Within the scope of "Basel II application" under the measure of credit risk, the standard method prescribed by the BRSA is used and this measurement method based on weighting to the classes and guarantees of the loans is embodied in the KR520 form which is reported monthly to the BRSA. There are basically 3 main headings of the form:

Risk Classes,

- Credit Risk Reduction Techniques and Credit Risk Substitution Effects,
- Distribution by Risk Weights.

In order to determine the credit risk, the Parent Bank's Risk Weighted Assets are classified by "Separation On The Basis Of Risk Classes". After the asset is classified according to the risk classes, collaterals received on loans are assessed under Basel II "Credit Risk Mitigation Techniques and Credit Risk Substitution Effects". The credit risk is measured monthly within the standard method framework, by using the algorithm in the "Basel II Credit Rating Classification".

Respecting the credit risk management measurement, monitoring, stress testing and scenario analysis studies in line with the volume, quality and complexity of loans and reporting results are provided to the Audit Committee and the Board of Directors.

Beside the standard method for determining the level of credit risk that the Parent Bank may encounter, by moving from the Parent Bank's loan portfolio structure for risk measurement and monitoring activities;

- Credit Risks by Sectors
- Credit Risks by Region
- Non-performing Loans Analysis
- Concentration Analysis of Credits
- Risks Weights of Loan Collaterals
- Sectoral Risks According to Risk Weights of Loans
- Distribution of Loans by Maturity and Source
- Distribution of Performing Credits are analyzed and reported.

In the Parent Bank's credit risk management policy, diversification of credit portfolio is essential. Although the Bank is not subject to the credit restrictions imposed on banks accepting deposits pursuant to Article 77 of the Banking Law No. 5411, the Parent Bank has determined its credit limits with the "Credit Regulation" dated January 2019, published with the approval of the Board of Directors. Credit risk limits are determined in the text of "Risk Appetite Structure, Risk Limits and Implementation Principles" approved by the Board of Directors, and the limits are monitored daily, weekly and monthly by the Risk Management Unit and reported to the Top Management.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

General qualitative information on credit risk:

All units, including the departments within the Scope of Internal Systems, fulfill their duties, authorities, and responsibilities within the scope of credit risk management within the framework of the Banking Law, Internal Systems Regulation, and Bank's Duties, Authorities, Responsibilities, and Organization Principles.

The senior management is responsible for the implementation of the credit risk strategy approved by the board of directors and the development of policies and procedures for the recognition, measurement, monitoring, and control of credit risk, and these policies and procedures include credit risks related to all banking activities in the Bank's portfolio.

The explanations prepared by the “Communiqué on Disclosures About Risk Management to be Announced to Public by Banks” published in the Official Gazette No. 29511 on 23 October 2015, and entered into force as of 31 March 2016, are given below.

The Parent Bank reveals risks of the effects of income/expense, capital loss, liquidity adequacy, etc. that may arise regarding macroeconomic indicators and bank-specific situations with periodic reports and stress test studies. Daily, weekly, monthly and annual reports are produced with the risk measurement models and methods used by the Parent Bank regarding the risk situation of the Parent Bank, and they are regularly reported to the Board of Directors, Audit Committee, and Senior Management. The possible effects on the Bank's equity and capital adequacy ratios and liquidity adequacy level are closely monitored.

It is aimed to disseminate the risk appetite framework and culture created by the Parent Bank through the training given to the personnel, risk measurements and reporting, and risk reporting to the Board of Directors, Senior Management, and Committees.

As a part of the risk appetite structure, it is aimed to determine the risk appetite level of the Parent Bank through regulations such as the determination of risk limits, limit exceedance exceptions, and early warning levels. Limits are updated periodically, taking into account the developments in the Parent Bank's strategy and risk appetite. Early warning levels indicating that the determined limits are approached have also been determined, and in case the limit levels are approached or exceeded, the relevant units take the necessary actions and arrangements. Risk limits are determined together with the relevant senior managers, including the Manager of the Risk Management Unit and the General Manager of the Parent Bank, and submitted to the Board of Directors for approval following the approval of the Audit Committee. While determining the limits, the macroeconomic environment and market trends, as well as the targets and policies of the Parent Bank are taken into account, and risk concentration limits are determined based on sector, geographical region, country and product.

Since the Parent Bank uses a standard approach in capital adequacy calculations, explanations within the scope of the internal rating-based approach are not included.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Credit quality of assets:

Current Period (31.12.2021)		Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	855.150	36.628.069	(788.382)	36.694.837
2	Debt securities	-	6.986.053	(61.568)	6.924.485
3	Off-balance sheet assets	2	2.305.845	(20.725)	2.285.122
4	**Total**	**855.152**	**45.919.967**	**(870.675)**	**45.904.444**

Prior Period (31.12.2020)		Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	218.511	20.184.212	(344.025)	20.058.698
2	Debt securities	-	2.667.896	(1.732)	2.666.164
3	Off-balance sheet assets	3	730.654	(11.048)	719.607
4	**Total**	**218.514**	**23.582.762**	**(356.805)**	**23.444.469**

Changes in non-performing loans and debt securities:

Current Period (31.12.2021)

1	Defaulted loans and debt securities at the end of prior reporting period	218.511
2	Defaulted loans and debt securities from last reporting period	692.567
3	Receivables that are not defaulted	(55.928)
4	Amounts written of	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	855.150

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Changes in non-performing loans and debt securities (Continued):

Prior Period (31.12.2020)

1	Defaulted loans and debt securities at the end of prior reporting period	123.857
2	Defaulted loans and debt securities from last reporting period	131.002
3	Receivables that are not defaulted	(36.348)
4	Amounts written of	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	218.511

Additional disclosures about the credit quality of assets:

The Parent Bank evaluates its financial assets in 3 stages within the scope of TFRS 9. In this context, the Bank calculates the lifetime expected credit loss for for the loans that have defaulted (Stage 3) and loans that have not yet defaulted, but have significantly increased credit risk at the date of disbursement of the loan (Stage 2). For other financial assets within the scope of TFRS 9 (Stage 1); the Parent Bank reflects the calculation including the probability of default within 12 months after the reporting date as the expected loss reserve.

Loans and other receivables, including overdue interest, are restructured under the Provisioning Regulation by providing additional credits, if necessary, in order to provide liquidity to the borrower for the purposes of ultimately enabling collection of the receivables in the event that it is arising from temporary liquidity difficulties.

Provisional liquidity problem is considered as manageable cash inflow difficulty arising from the fact that a borrower with credit risk that is able to fulfill its obligations on time and on its terms would have been fundamentally irregular due to fluctuations in sales revenue or operating income due to unforeseen and temporary consequences.

Restructured loans are continued to be classified and followed up in the groups that they are followed up until that date. Within this period, provision continues at rates applicable to the group in which they are monitored for the related receivables.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Additional disclosures about the credit quality of assets (Continued):

Breakdown of non-performing loans and respective provisions by geographic regions

Current Period (31.12.2021)	**Non-performing loans**	**Stage 3 Expected Credit Loss**
Domestic	855.150	528.440
European Countries	-	-
OECD Countries	-	-
Total	**855.150**	**528.440**

Prior Period (31.12.2020)	**Non-performing loans**	**Specific provisions**
Domestic	218.511	150.378
European Countries	-	-
OECD Countries	-	-
Total	**218.511**	**150.378**

Information in terms of major sectors and type of counterparties

Current Period (31.12.2021)	**Loans**	**Non-Performing Loans**	**Expected Credit Loss Provision**	**Total**
Agriculture	**52.051**	**-**	**1.354**	**50.697**
Farming and animal breeding	52.051	-	1.354	50.697
Forestry	-	-	-	-
Fishery	-	-	-	-
Industry	**25.869.544**	**791.666**	**675.962**	**25.985.248**
Mining and quarry	-	-	-	-
Manufacturing	6.032.518	17.043	37.360	6.012.201
Electricity, gas and water	19.837.026	774.623	638.602	19.973.047
Construction	**49.394**	**-**	**464**	**48.930**
Service	**10.593.139**	**62.350**	**109.407**	**10.546.082**
Wholesale and retail trade	47.373	-	227	47.146
Hotel and food services	1.413.934	55.615	70.170	1.399.379
Transportation and communication	525.831	-	2.439	523.392
Financial institutions	8.126.829	-	25.054	8.101.775
Real estate and leasing services	253.133	-	4.180	248.953
Self-employment services	-	-	-	-
Educational services	97.238	-	372	96.866
Health and social services	128.801	6.735	6.965	128.571
Other	**63.941**	**1.134**	**1.195**	**63.880**
Total	**36.628.069**	**855.150**	**788.382**	**36.694.837**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Information in terms of major sectors and type of counterparties

(Prior Period 31.12.2020)

	Loans	Non-Performing Loans	Expected Credit Loss Provision	Total
Agriculture	**-**	**-**	**-**	**-**
Farming and animal breeding	-	-	-	-
Forestry	-	-	-	-
Fishery	-	-	-	-
Industry	**13.837.906**	**148.678**	**242.561**	**13.744.023**
Mining and quarry	**-**	-	-	**-**
Manufacturing	2.314.042	24.470	29.941	2.308.571
Electricity, gas and water	11.523.864	124.208	212.620	11.435.452
Construction	**20.034**	**-**	**245**	**19.789**
Service	**6.277.801**	**68.727**	**100.068**	**6.246.460**
Wholesale and retail trade	45.339	-	262	45.077
Hotel and food services	1.177.338	62.073	67.377	1.172.034
Transportation and communication	331.527	-	3.813	327.714
Financial institutions	4.533.679	-	20.709	4.512.970
Real estate and leasing services	-	-	-	-
Self-employment services	-	-	-	-
Educational services	94.056	-	996	93.060
Health and social services	95.862	6.654	6.911	95.605
Other	**48.471**	**1.106**	**1.151**	**48.426**
Total	**20.184.212**	**218.511**	**344.025**	**20.058.698**

Maturity analysis for non-performing loans

Current Period (31.12.2021)	**Up to 3 Months**	**3-12 Months**	**1-3 Years**	**3-5 Years**	**5 Years and above**
Corporate and Commercial Loans	656.092	-	118.531	815	78.578
Other	-	-	-	-	1.134
Total	**656.092**	**-**	**118.531**	**815**	**79.712**

Prior Period (31.12.2020)	**Up to 3 Months**	**3-12 Months**	**1-3 Years**	**3-5 Years**	**5 Years and above**
Corporate and Commercial Loans	124.121	-	3.358	4.499	85.427
Other	-	-	-	-	1.106
Total	**124.121**	**-**	**3.358**	**4.499**	**86.533**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Breakdown of restructured receivables by whether provision has been made or not.

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	Loan Balance	Expected Loss Provisions	Loan Balance	Expected Loss Provisions
Restructed from Performing Loans	387.610	6.534	261.954	11.244
Restructed from Nonperforming Loans	31.198	145	-	-
Total	**418.808**	**6.679**	**261.954**	**11.244**

Qualitive requirements to be disclosed to the public regarding on credit risk mitigation techniques:

In the calculation of the amounts subject to credit risk, the Parent Bank evaluates the loans in terms of risk weight, taking into consideration the risk classes, grading notes and risk reduction elements within the context of "Communiqué on Credit Risk Mitigation Techniques".

The Parent Bank does not make on-balance sheet and off-balance sheet netting within the scope of credit risk mitigation. Applications related to valuation and management of collateral are carried out in line with the Communiqué on Credit Risk Mitigation Techniques. Main guarantees taken by the Bank in the context of credit risk mitigation techniques are financial guarantees (cash) and guarantees (Turkish Treasury and banks). Monetary guarantees are evaluated with the most recent values as of the reporting date in the credit risk reduction process. In the event that a bank loan customer receives guarantees obtained from other institutions, the credit risk worthiness of the guaranteeing institution in the credit risk reduction process is taken into consideration. Risk-reducing effects of collaterals are taken into account through standard volatility adjustments in the portfolios in which the comprehensive financial guarantee method is used.

Overview of credit risk mitigation techniques:

	Current Period (31.12.2021)	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	1.090.349	36.392.870	100%	-	-	-	-
2	Debt Instruments	-	6.928.614	100%	-	-	-	-
3	**Total**	**1.090.349**	**43.321.484**	**100%**	-	-	-	-
4	Overdue	-	855.150	100%	-	-	-	-

	Prior Period (31.12.2020)	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	47.362	20.355.361	100%	-	-	-	-
2	Debt Instruments	-	2.667.896	100%	-	-	-	-
3	**Total**	**47.362**	**23.023.257**	**100%**	-	-	-	-
4	Overdue	-	218.511	100%	-	-	-	-

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Qualitative information on ratings used by the banks while calculating credit risk with standard approach :

The risk weigths of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are determined pursuant to the regulations. Any external risk ratings which are determined by any international rating agency are not used.

Standard Approach - Credit risk exposure and credit risk mitigation effects:

The Parent Bank calculates the credit risk with a standard approach and do not use a rating grade.

Current Period (31.12.2021)	**Exposures before CCF and CRM**		**Exposures post-CCF and CRM**		**Risk Weighted Amount and Intensity of Risk Weighted Amount**	
Risk Class	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Intensity of risk weighted amount
Exposures to sovereigns and central banks	5.702.181	-	6.348.981	-	4.569.211	72,0%
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	13.509.532	174.514	20.751.762	9	16.861.385	81,3%
Exposures to corporates	29.919.733	5.816.743	26.910.967	2.278.352	29.189.319	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	51.764	-	51.764	-	29.687	57,4%
Exposures secured by commercial property	879.074	-	879.074	-	482.856	54,9%
Overdue items	326.711	-	326.710	-	163.355	50,0%
Exposures in high-risk categories	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	213.743	31.856	270.109	110,0%
Other exposures	229.623	-	229.469	-	226.165	98,6%
Equity share investments	-	-	-	-	-	-
Total	**50.618.618**	**5.991.257**	**55.712.470**	**2.310.217**	**51.792.087**	**89,3%**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach - Credit risk exposure and credit risk mitigation effects (Continued):

Prior Period (31.12.2020)	**Exposures before CCF and CRM**		**Exposures post-CCF and CRM**		**Risk Weighted Amount and Intensity of Risk Weighted Amount**	
Risk Class	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Intensity of risk weighted amount
Exposures to sovereigns and central banks	2.633.292	-	3.024.492	-	1.938.751	64,1%
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	9.667.902	9	9.887.494	9	7.121.148	72,0%
Exposures to corporates	14.258.338	8.475.932	13.059.117	713.735	13.772.852	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	40.916	-	40.916	-	23.097	56,5%
Exposures secured by commercial property	2.013.892	-	1.999.392	-	1.039.640	52,0%
Overdue items	68.132	-	68.133	-	66.804	98,0%
Exposures in high-risk categories	119.725	24.399	119.725	24.399	216.185	150,0%
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-
Other exposures	135.500	-	135.669	-	131304	96,8%
Equity share investments	-	-	-	-	-	-
Total	**28.939.597**	**8.500.340**	**28.336.567**	**738.143**	**24.311.452**	**83,6%**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach: Exposures by asset classes and risk weights:

The Parent Bank calculates the credit risk with the standard approach and does not use a rating score.

Current Period (31.12.2021)													
	Risk Class/Risk Weight	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)
1	Exposures to sovereigns and their central banks	1.779.770	-	-	-	-	-	-	4.569.211	-	-	-	6.348.981
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	80.032	-	4.641.144	-	-	194.878	-	15.835.717	-	-	-	20.751.771
7	Exposures to corporates	-	-	-	-	-	-	-	29.189.319	-	-	-	29.189.319
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	-	44.154	-	7.610	-	-	-	51.764
10	Exposures secured by commercial property	-	-	-	-	-	792.437	-	86.637	-	-	-	879.074
11	Past-due items	-	-	-	-	-	326.710	-	-	-	-	-	326.710
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	-	-	-	-	-	-	-	196.580	49.019	-	-	245.599
16	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
17	Equity share investments	3.303	-	-	-	-	-	-	226.166	-	-	-	229.469
18	**Total**	**1.863.105**	**-**	**4.641.144**	**-**	**-**	**1.358.179**	**-**	**50.111.240**	**49.019**	**-**	**-**	**58.022.687**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach: Exposures by asset classes and risk weights (Continued):

Prior Period (31.12.2020)											
	Risk Class/Risk Weight	0%	10%	20%	50% Secured by property mortgages	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)
1	Exposures to sovereigns and their central banks	1.085.741	-	-	-	-	1.938.751	-	-	-	3.024.492
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	1.500.739	-	1.466.623	184.635	-	6.735.506	-	-	-	9.887.503
7	Exposures to corporates	-	-	-	-	-	13.772.852	-	-	-	13.772.852
8	Retail exposures	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	35.638	-	5.278	-	-	-	40.916
10	Exposures secured by commercial property	-	-	-	1.919.505	-	79.887	-	-	-	1.999.392
11	Past-due items	-	-	-	2.659	-	65.474	-	-	-	68.133
12	Exposures in high-risk categories	-	-	-	-	-	-	144.124	-	-	144.124
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	4.364	-	-	-	-	131.305	-	-	-	135.669
17	Equity share investments	-	-	-	-	-	-	-	-	-	-
18	**Total**	**2.590.844**	**-**	**1.466.623**	**2.142.437**	**-**	**22.729.053**	**144.124**	**-**	**-**	**29.073.081**

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

3. Explanations on counterparty credit risk:

Evaluation of counterparty credit risk according to measurement methods:

A counterparty credit risk is the risk that a counterparty who is involved in a transaction that is liable to both parties defaults before the final payment in the cash flow of that transaction.

The Parent Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet over the counter derivative transactions, by taking into account risk capacities.

Transactions made by the Treasury Department including counter-party risks such as over the counter forward, swaps and options are reported daily to the Senior Management and Risk Management Department. All transactions made with counterparty are considered within the limits of the counterparty. Exceeded limits are reported daily to the responsible managers and are recorded with all measures taken to overcome these limitations.

	Current Period (31.12.2021)	Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Competing Regulatory EAD	EAD Post-CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	-	-	-	1,4	-	-
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					4.406.176	4.129.777
6	**Total**						**4.129.777**

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Evaluation of counterparty credit risk according to measurement methods

	Prior Period (31.12.2020)	Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Competing Regulatory EAD	EAD Post-CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	-	-	-	1,4	-	-
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					25.419	6.047
6	**Total**						**6.047**

Capital Requirements for CVA:

Derivative transactions of the Parent Bank consists of forward foreign exchange buying and selling and swap money buying and selling transactions.There are no interest-based swap transactions, option contracts and other derivative transactions. There are no derivative products to be created to differentiate them from the main product of the Parent Bank, and there are no transactions with possibility of collateral completion.

The Bank's two-legged derivative portfolio includes swap transactions that are not affected by market exchange rate and interest rate movements. As of both legs, debit and credit amounts at the end of maturity are guaranteed by contract in advance. However, by the accounting method, derivative financial instruments are recorded with their fair values at the contract date and are revalued with their fair values in the reporting periods. Accordingly, counterparty risk is calculated for the portfolio in question during the reporting periods, and credit valuation adjustments are not calculated since there are no derivative transactions that will be affected by speculative market prices.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Standard approach - counterparty credit risk based on risk classes and risk weights:

Current Period (31.12.2021)									
Risk Weights / Risk Class	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	14.798	-	-	-	-	-	-	-	-
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	-	-	327.001	-	-	4.064.377	-	-	4.129.777
Exposures to corporates	-	-		-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-
Total	**14.798**	**-**	**327.001**	**-**	**-**	**4.064.377**	**-**	**-**	**4.129.777**

(*)Total credit risk: Risk amount related to capital adequacy computation after the counterparty credit risk measurement techniques are applied.
(**) Other receivables: Includes amounts not included in the counterparty credit risk reported in the table of risks to the central counterparty.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Standard approach - counterparty credit risk based on risk classes and risk weights (Continued):

Prior Period (31.12.2020)									
Risk Weights/Risk Class	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	18.958	-	-	-	-	-	-	-	-
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	-	-	517	-	-	5.944	-	-	6.047
Exposures to corporates	-	-		-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Overdue 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	-	-	-	-	-	-	-	-	-
Total	**18.958**	**-**	**517**	**-**	**-**	**5.944**	**-**	**-**	**6.047**

(*) Total credit risk: Risk amount related to capital adequacy computation after the counterparty credit risk measurement techniques are applied

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Collaterals for counterparty credit risk:

A counterparty credit risk is the risk that a counterparty who is involved in a transaction that is liable to both parties defaults before the final payment in the cash flow of that transaction.

The Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet derivative transactions, by taking into account risk capacities.

Current Period (31.12.2021)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	84.925	655.929
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**84.925**	**655.929**

Prior Period (31.12.2020)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	1.549.109	205.332
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**1.549.109**	**205.332**

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Credit derivatives

None.

Exposures to central counterparties (CCP)

None.

Explanations on securitizations

None.

4. Explanations on market risk:

Qualitative information to be publicly disclosed on market risk:

The Parent Bank is exposed to market risk depending on the fluctuations that may occur in the financial market as a result of its activities, in exchange rates, interest rates and stock prices.

The Parent Bank calculates and legally reports its market risk by using the standard method within the framework of the provisions of the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy" published in the Official Gazette No. 29511 dated 23 October 2015.

In addition to the monthly standardized methodology, the market risk is calculated on a daily basis using the Value At Risk ("VaR") approach. The VaR calculated by using the internal model to predict the potential loss in financial market conditions, the stress tests and scenario analysis results, including the price changes occurring in the crises that occurred in previous years or the probable effects of different interest and exchange rate shocks on existing portfolios are reported to Audit Committee and top management.

In accordance with the "Regulation on the Internal Systems of Banks and the Internal Capital Adequacy Assessment Process" published on the Official Gazette dated 11 July 2014 and numbered 29057, the limits of these risks are determined by taking into account the main risks borne by the Bank and such risk limits are determined within the framework of changing market conditions and Bank strategies "Risk Appetite Structure, Risk Limits and Implementation Principles" which are frequently revised and approved by the Board of Directors.

The reports prepared within the framework of compliance with the risk limits are regularly presented to the Board of Directors, the Audit Committee and senior management.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

4. Explanations on market risk (Continued):

PR1-Market risk amounts based on standard approach:

		Current Period 31.12.2021	Prior Period 31.12.2020
		RAT	RAT
	Direct (cash) Products		
1	Interest rate risk (general and specific)	-	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	758.350	26.800
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	**Securitization**	-	-
9	**Total**	**758.350**	**26.800**

5. Link between the financial statements and risk amounts:

Explanations on differences between the amounts prepared as per TAS and the risk amounts:

“Credit Risks” are calculated over the securities classified as “Financial assets at fair value through profit or loss” and “Financial assets at fair value through other comprehensive income”.

Repurchase and reverse repo transactions of the Parent Bank are subject to “Counterparty Credit Risks” and the Capital Obligation against Counterparty Credit Risk is calculated and reported under the “Credit Risk”. In addition, “Market Risk” is calculated over the securities used in the “Reverse Repo” transactions.

The amount included in the “Off-balance sheet amounts” line of the B2 table is reported as “Subject to Credit risk” by multiplying with “Credit Conversion Rates”.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Differences and matching between accounting consolidation and legal consolidation:

			Items in accordance with TAS				
Current Period (31.12.2021)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and Balances with the Central Bank	2.051	-	2.051	-	-	-	-
Financial assets held for trading	7.124	-	7.124	-	-	-	-
Financial assets at fair value through profit or loss	213.743	-	213.743	-	-	-	-
Banks	3.273.101	-	3.273.101	-	-	-	-
Interbank money market	992.465	-	912.434	80,031			
Financial Assets at Fair Value Through Other Comprehensive Income	3.932.699	-	3.932.699	-	-	-	-
Derivative Financial Assets	365	-	365	-	-	-	-
Loans and Receivables	36.694.836	-	36.694.836	-	-	-	-
Factoring receivables	-	-		-	-	-	-
Financial Assets Measured at Amortised Cost	3.011.037	-	3.011.037	-	-	-	-
Investments in associates	10.119	-	10.119	-	-	-	-
Subsidiaries	-						
Lease receivables	-	-	-	-	-	-	-
Tangible assets (net)	27.953	-	27.953	-	-	-	-
Intangible assets (net)	21.875	-	-	-	-	-	21.875
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	95.678	-	95.678	-	-	-	
Other assets	95.684	-	95.684	-	-	-	-
Total Assets	**48.378.730**	**-**	**48.276.824**	**80.031**	**-**	**-**	**21.875**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Differences between accounting consolidation and legal consolidation (Continued):

		Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TAS				
Current Period (31.12.2021)	Carrying values in financial statements prepared as per TAS		Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposit	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	26.693	-	-	-	-	-	-
Borrowing funding loans	37.910.935	-	-	-	-	-	-
Money markets balances	629.707	-	-	629.707	-	-	-
Issued securities	51.882	-	-	-	-	-	-
Funds	1.528.791	-	-	-	-	-	-
Miscellaneous Payables	211.390	-	-	-	-	-	-
Other external funding’s payable	93.516	-	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-
Debts from leasing transactions	10.479	-	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	73.649	-	-	-	-	-	-
Tax liability	25.194	-	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	3.350.857	-	-	-	-	-	-
Shareholders’ equity	4.465.637	-	-	-	-	-	-
Total liabilities and equity	**48.378.730**	**-**	**-**	**629.707**	**-**	**-**	**-**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Differences between accounting consolidation and legal consolidation (Continued):

			Items in accordance with TAS				
Prior Period (31.12.2020)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and Balances with the Central Bank	1.126	-	1.126	-	-	-	-
Financial assets held for trading	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	119.725	-	119.725	-	-	-	-
Banks	3.555.637	-	3.555.637	-	-	-	-
Interbank money market	1.499.793	-	-	1.499.793			
Financial assets available-for-sale (net)	965.542	-	965.542	-	-	-	-
Loans	43	-	43	-	-	-	-
Factoring receivables	20.058.698	-	20.058.698	-	-	-	-
Investments held to maturity (net)	-	-	-	-	-	-	-
Investments in associates	1.716.260	-	1.716.260	-	-	-	-
Subsidiaries	20.543	-	20.543	-	-	-	-
Lease receivables	30	-	30	-	-	-	-
Tangible assets (net)	46.139	-	46.139	-	-	-	-
Intangible assets (net)	17.744	-	-	-	-	-	17.744
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	17.990	-	17.990	-	-	-	
Other assets	54.100	-	54.100	-	-	-	-
Total Assets	**28.073.370**	**-**	**26.555.833**	**1.499.793**	**-**	**-**	**17.744**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Differences between accounting consolidation and legal consolidation (Continued):

	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TAS				
Prior Period (31.12.2020)			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposit	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	47	-	-	-	-	-	-
Borrowing funding loans	21.762.739	-	-	-	-	-	-
Money markets balances	203.850	-	-	205.378	-	-	-
Issued securities	-	-	-	-	-	-	-
Funds	245.216	-	-	-	-	-	-
Miscellaneous Payables	126.137	-	-	-	-	-	-
Other external funding’s payable	42.645	-	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-
Debts from leasing transactions	13.575	-	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	51.063	-	-	-	-	-	-
Tax liability	45.281	-	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	1.993.243	-	-	-	-	-	-
Shareholders’ equity	3.587.942	-	-	-	-	-	-
Total liabilities and equity	**28.071.738**	**-**	**-**	**205.378**	**-**	**-**	**-**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Main sources of differences between the risk amounts and carrying values in financial statements prepared as per TAS:

	Current Period (31.12.2021)	Total	Subject to credit risk	Securitization positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	48.378.730	48.276.823		80.031	-
2	Carrying values of liabilities in accordance with TAS within legal consolidation	48.378.730	-		(629.707)	-
3	**Total net amount under legal consolidation**	**-**	**48.276.823**		**(549.676)**	**-**
4	Off-balance sheet items	10.830.077	5.027.287		2.554.289	-
5	Valuation differences	-	-			-
6	Differences arising from netting of differences (outside line 2)	-				-
7	Differences arising from consideration of provisions	-	-			-
8	Differences arising from the applications of the BRSA	-	-			-
	Risk balances	**59.208.807**	**53.304.110**	**-**	**2.004.613**	**-**

	Prior Period (31.12.2020)	Total	Subject to credit risk	Securitization positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	28.071.738	26.554.201	-	1.499.793	-
2	Carrying values of liabilities in accordance with TAS within legal consolidation	28.071.738	-	-	(203.850)	-
3	Total net amount under legal consolidation	**-**	**26.554.201**	**-**	**1.295.943**	**-**
4	Off-balance sheet items	9.229.631	79.225	-	-	-
5	Valuation differences	-	-	-	-	-
6	Differences arising from netting of differences (outside line 2)	-	-	-	-	-
7	Differences arising from consideration of provisions	-	-	-	-	-
8	Differences arising from the applications of the BRSA	-	-	-		-
	Risk balances	**38.458.118**	**26.633.426**	**-**	**1.295.943**	**-**

There is no significant difference between the amounts reported in the financial statements by TAS and the risk amounts used within the scope of capital adequacy.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

6. Explanations on operational risk:

According to the Parent Bank's Operational Risk Management Policy, operational risk management practices; are developed taking into account overlooking of errors and irregularities as a result of disruptions in internal controls, failure to comply with time and conditions by the Parent Bank's management and personnel, errors and failures in information technology systems, and losses due to disasters such as earthquakes, fires, floods, and other factors that may occur on the basis of the Bank and the sector.

Operational risk amount is calculated by using the basic indicator approach within the scope of 14th Article of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". The value is, 15% of the Banks' gross income for the last three years multiplied with 12,5.

Annual gross income, as included in the income statement in financial reports is calculated by adding net fees and commissions income, dividend income from stocks other than subsidiary and affiliate shares, trading profit/loss (net) and other operating income to net interest income, by deducting profit/loss from the sale of assets monitored in held-to-maturity securities accounts, extraordinary income and insurance claims.

Current Period (31.12.2021)	**31.12.2018**	**31.12.2019**	**31.12.2020**	Total / Positive BG year amount	Ratio (%)	Total
Gross income	479.661	755.704	770.710	668.692	15	100.304
Value at operational risk (Total * 12,5)						**1.253.797**

Prior Period (31.12.2020)	**31.12.2017**	**31.12.2018**	**31.12.2019**	Total / Positive BG year amount	Ratio (%)	Total
Gross income	289.290	479.661	755.704	508.218	15	76.233
Value at operational risk (Total * 12,5)						**952.909**

The Operational Risk Management Policy, which was renewed in order to determine the policies, principles, approaches and basic elements in Operational Risk Management in order to reveal the risks that the Parent Bank will be exposed to in line with the general strategies and long-term goals and the strategies to be followed for these risks, was approved by the Board of Directors as of 30.12.2020. With this policy, it is aimed to contribute to the establishment of an established and consistent "Operational Risk Culture" throughout the Parent Bank by defining, determining, measuring, evaluating and reporting Operational Risks.

Audit findings, internal loss data, risk control and self-assessment report, operational risk analysis report, external data, business process map and key risk indicators will be envisaged to use in the identification and assessment of operational risk. Regarding the analysis of operational risk, risk control and self-assessment studies, operational risk analysis report, scenario analysis and stress tests are envisaged. Within the scope of reducing the operational risks and increasing the efficiency of the operational risk management process, the use of methods such as controlling the exposed risks by applying determined policies and procedures, reducing by using risk reduction techniques such as insurance, transferring them to another area are the basic elements that will increase the effectiveness of operational risk management. can be listed.

Support Services procedures, emergency and contingency plans that enable the transfer of operational risks, emergency and contingency plans, as well as special policies, procedures and controls for money laundering and terrorist financing that may cause operational risks, management of IT risks are foreseen to be created.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

6. Explanations on operational risk (Continued):

In the Parent Bank, all operational risks are within the framework of defining, evaluating, monitoring and controlling / reducing risks. All operational risks in the Bank, within the framework of the identification, evaluation, monitoring and control/reduction of risks, is managed under the supervision of the Board of Directors and the Audit Committee. The results of the activities of the Internal Audit Unit and Internal Control and Compliance Unit for monitoring operational risks are monitored and evaluated by the Audit Committee.

Legal measurements for Operational Risk are made using the Basic Indicator Method within the scope of the Regulation on Measurement and Assessment of Capital Adequacy of Banks. Studies of other measurement methods for Measurement of Operational Risks within the scope of Basel and BRSA regulations are carried out by the Risk Management Unit.

7. Interest rate risk on banking accounts:

Parent Bank calculates the interest rate risk on banking book according to "Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method" and reports to the BRSA monthly.

Interest Rate Risk on Banking Book report includes Receivables from Central Bank, Money Market Placements, Receivables from Banks, Financial Assets at Fair Value Through Other Comprehensive Income (excluding government bonds), Receivables from Reverse-repo, Loans and Receivables, Other Financial Assets Measured at Amortised Cost and Other Receivables in the asset side, and Payables to Central Bank, Money Market Borrowings, Payables to Banks, Funds Obtained from Repo Transactions, Issued Bonds; Borrowings, Subordinated Debt and Other Payables on the liabilities side.

Economic value differences due to the interest rate instabilities calculated according to "Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method" are presented below for each currency.

	Current Period (31.12.2021) Currency	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
1	TL	(+) 500 base points	(46.065)	(0,60)%
2	TL	(-) 400 base points	40.876	0,53%
3	EURO	(+) 200 base points	184.014	2,40%
4	EURO	(-) 200 base points	(263.761)	(3,43)%
5	USD	(+) 200 base points	326.168	4,25%
6	USD	(-) 200 base points	(431.919)	(5,62)%
	Total (Of Negative Shocks)		**464.117**	**6,04%**
	Total (Of Positive Shocks)		**(654.804)**	**(8,53)%**

	Prior Period (31.12.2020) Currency	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
1	TL	(+) 500 base points	(25.772)	(0,46)%
2	TL	(-) 400 base points	24.530	0,43%
3	EURO	(+) 200 base points	92.794	1,64%
4	EURO	(-) 200 base points	(111.878)	(1,98)%
5	USD	(+) 200 base points	(99.413)	(1,76)%
6	USD	(-) 200 base points	117.455	2,08%
	Total (Of Negative Shocks)		**(32.391)**	**(0,58)%**
	Total (Of Positive Shocks)		**30.107**	**0,53%**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Notes Related to Consolidated Assets:

1. Information on financial assets:

1.1. Information on cash and cash equivalents:

1.1.1. Information on cash and balances with the Central Bank of the Republic of Turkey:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	**FC**	**TL**	**FC**
Cash in TL/Foreign currency	24	-	10	-
CBRT	2.027	-	1.116	-
Other	-	-	-	-
Total	**2.051**	**-**	**1.126**	**-**

1.1.1.a. Information on required reserve deposits:

Since the Bank does not accept deposits, it is not subject to Central Bank of the Republic of Turkey's Communiqué No: 2005/1 "Reserve Requirements".

1.1.1.b. Information on the account of Central Bank of the Republic of Turkey:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	**FC**	**TL**	**FC**
Unrestricted Demand Deposit	2.027	-	1.116	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	**2.027**	**-**	**1.116**	**-**

1.1.2. Information on banks:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	**FC**	**TL**	**FC**
Banks				
Domestic	2.950.096	301.146	1.451.203	2.007.772
Foreign	-	27.433	-	104.899
Foreign Head Office and Branches	-	-	-	-
Total	**2.950.096**	**328.579**	**1.451.203**	**2.112.671**

1.1.2.a. Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period (31.12.2021)	**Prior Period (31.12.2020)**	**Current Period (31.12.2021)**	**Prior Period (31.12.2020)**
EU Countries	13.914	20.640	-	-
USA and Canada	13.519	1.989	-	-
OECD Countries	-	82.270	-	-
Off-Shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	**27.433**	**104.899**	**-**	**-**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

1.1. Information on cash and cash equivalents (Continued):

1.1.3. Information on money market placements:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Money Market Placements	913.250	-	-	-
Receivables from Reverse Repo Transactions	80.032	-	1.500.739	-
Total	**993.282**	**-**	**1.500.739**	**-**

1.1.4. Information on expected credit loss provisions for financial assets:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Cash and Balances with Central Bank	1	-	1	-
Banks	5.573	-	8.238	-
Receivables from Money Market	817	-	945	
Total	**6.391**	**-**	**9.184**	**-**

1.2. Financial assets at fair value through profit and loss subject to repurchase agreements (Net):

None.

1.2.a) Financial assets at fair value through profit and loss given as collateral or blocked(Net):

None.

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

1.3.a-1) Financial assets measured at fair value through other comprehensive income subject to repurchase agreements:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	522.914	-	205.332	-
Other	-	-	-	-
Total	**522.914**	**-**	**205.332**	**-**

1.3.a-2) Information on financial assets measured at fair value through other comprehensive income given as collateral or blocked:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	192.716	-	63.299	-
Other	-	-	-	-
Total	**192.716**	**-**	**63.299**	**-**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

1.3. Information on financial assets measured at fair value through other comprehensive income (Continued):

1.3.a.3) Information on financial assets measured at fair value through other comprehensive income:

	Current Period (31.12.2021)	**Prior Period (31.12.2020)**
Debt Securities	3.973.661	950.554
Quoted on a stock exchange	3.973.661	950.554
Unquoted	-	-
Share Certificates	17.800	17.800
Quoted on a stock exchange	-	-
Unquoted	17.800	17.800
Provision for impairment (-)	(58.762)	(2.812)
Total	**3.932.699**	**965.542**

1.4. Information on derivative financial assets:

	Current Period (31.12.2021)		**Prior Period (31.12.2020)**	
	TL	**FC**	**TL**	**FC**
Forward Transactions	-	-	43	-
Swap Transactions	365	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**365**	**-**	**43**	**-**

2. Explanations on financial assets measured at amortized cost (Net):

2.1. Information on loans:

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

	Current Period (31.12.2021)		**Prior Period (31.12.2020)**	
	Cash	**Non-Cash**	**Cash**	**Non-Cash**
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	10	-	385	-
Total	**10**	**-**	**385**	**-**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued))

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.b) Information on standard loans and loans under close monitoring (first and second group loans) including restructured loans under follow up:

		Loans Under Close Monitoring		
			Restructured Loans	
Cash Loans Current Period (31.12.2021)	**Standard Loans**	**Loans not subject to restructuring**	**Loans with revised contract terms**	**Refinance**
Non-specialized loans	**33.305.815**	**1.787.682**	**218.535**	**-**
Working capital loans	3.413.178	4.762	124.613	-
Export loans	19.840	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	2.752.407	-	-	-
Consumer loans	10	-	-	-
Credit cards	-	-	-	-
Other	27.120.380	1.782.920	93.922	-
Specialized loans	**1.031.540**	**216.994**	**67.503**	-
Other receivables	-	-	-	-
Total	**34.337.355**	**2.004.676**	**286.038**	**-**

		Loans Under Close Monitoring		
	Standard Loans	**Loans not subject to restructuring**	**Restructured Loans**	
Cash Loans Prior Period (31.12.2020)			**Loans with revised contract terms**	**Refinance**
Non-specialized loans	**17.884.849**	**981.178**	**129.341**	**-**
Working capital loans	679.014	7.258	16.104	-
Export loans	33.714	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	1.456.238	-	-	-
Consumer loans	384	-	-	-
Credit cards	-	-	-	-
Other	15.715.499	973.920	113.237	-
Specialized loans	**1.000.405**	**150.766**	**37.673**	**-**
Other receivables	-	-	-	-
Total	**18.885.254**	**1.131.944**	**167.014**	**-**

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
First and Second Stage Expected Loss Reserves	**Standard Loans**	**Loans Under Close Monitoring**	**Standard Loans**	**Loans Under Close Monitoring**
12 Months Expected Credit Losses	177.914	-	132.139	-
Significant Increase in Credit Risk	-	82.028	-	61.508

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.c) Loans according to their maturity structure:

Cash Loans Current Period (31.12.2021)	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Short term loans	17.500	42.460	192.116	-
Medium and long term loans	34.319.855	1.962.216	93.922	-

Cash Loans Prior Period (31.12.2020)	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Short term loans	289.392	9.226	49.038	-
Medium and long term loans	18.595.862	1.122.718	117.976	-

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.ç) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards:

Current Period (31.12.2021)	Short Term	Medium and Long Term	Total
Consumer Loans- TL	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans - TL	-	10	10
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	10	10
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	**-**	**10**	**10**

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.ç) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards (Continued):

Prior Period (31.12.2020)	Short Term	Medium and Long Term	Total
Consumer Loans- TL	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans - TL	-	385	385
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	385	385
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	**-**	**385**	**385**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2. 1. Informations on loans (Continued):

2.1.d) Information on commercial loans with installments and corporate credit cards:

The Parent Bank has not granted any commercial loans with installments and corporate credit cards as of balance sheet date.

2.1.e) Loans according to type of borrowers:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Public	-	-
Private	36.628.069	20.184.212
Total	**36.628.069**	**20.184.212**

2.1.f) Breakdown of domestic and international loans:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Domestic loans	36.628.069	20.184.212
International loans	-	-
Total	**36.628.069**	**20.184.212**

2.1.g) Loans granted to subsidiaries and associates:

TL 3.834 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed at Group V. TL 3.834 default (stage III) provision has been provided fort this loan.

2.1.ğ) Default (third stage) provisions:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Loans and other receivables with limited collectability	448.302	62.005
Loans and other receivables with doubtful collectability	-	-
Uncollectible loans	80.138	88.373
Total	**528.440**	**150.378**

2.1.h) Information on non-performing loans (Net):

2.1.h.1) Information on loans and other receivables restructured or rescheduled from non-performing loans:

	III. Group	IV. Group	V. Group
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period (31.12.2021)			
Gross amounts before specific provisions	656.093	-	80.527
Restructured loans	118.530	-	-
Prior Period (31.12.2020)			
Gross amounts before specific provisions	127.479	-	91.032
Restructured loans	-	-	-

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2. 1. Informations on loans (Continued):

2.1.h.2) Information on the movement of non-performing receivables:

	III. Grup	IV. Grup	V. Grup
	Loans and Other Receivables With Limited Collectability	Loans and Other Receivables With Doubtful Collectability	Uncollectible Loans and Other Receivables
Prior period end balance (31.12.2020)	**127.479**	**-**	**91.032**
Additions (+)	660.487	-	32.080
Transfer from other categories of non-performing loans (+)	-	-	-
Transfer to other categories of non-performing loans (-)	(2.334)	-	(31.131)
Collections (-)	(11.009)	-	(11.454)
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance (31.12.2021)	**774.623**	**-**	**80.527**
Specific provisions (-)	(448.302)	-	(80.138)
Net balance on balance sheet	**326.321**	**-**	**389**

2.1.h.3) Information on accruals of interest, rediscount and valuation effect and their provisions calculated for under follow-up loans banks which provide expected credit loss according to TFRS 9:

	III. Grup	IV. Grup	V. Grup
	Loans and Other Receivables With Limited Collectability	Loans and Other Receivables With Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (31.12.2021)			
Interest accruals and rediscount with valuation differences	20.474	-	378
Provision amount (-)	(20.474)	-	(378)
Net Balance	-	-	-
Prior Period (31.12.2020)			
Interest accruals and rediscount with valuation differences	1.142	-	774
Provision amount (-)	(1.142)	-	(774)
Net Balance	**-**	**-**	**-**

2.1.h.4) Information on foreign currency non-performing loans:

The Parent Bank converts the foreign currency loans which become non-performing loans into Turkish Lira at the exchange rates on the date they are transferred to the non-performing loans account and monitors them over their amounts.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2. 1. Informations on loans (Continued):

2.1.h.5) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Grup	IV. Grup	V. Grup
	Loans and Other Receivables With Limited Collectability	Loans and Other Receivables With Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net) (31.12.2021)	**326.321**	**-**	**389**
Loans to Real Persons and Legal Entities (Gross)	774.623	-	80.527
Specific provisions (-)	(448.302)	-	(80.138)
Loans to Real Persons and Legal Entities (Net)	326.321	-	389
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net) (31.12.2020)	**65.474**	**-**	**2.659**
Loans to Real Persons and Legal Entities (Gross)	127.479	-	91.032
Specific provisions (-)	(62.005)	-	(88.373)
Loans to Real Persons and Legal Entities (Net)	65.474	-	2.659
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

2.1.h.6) Net value of collaterals of loans under close monitoring, collateral type and risk mapping:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
Type of collateral	**Net Value of Collateral**	**Loan Balance**	**Net Value of Collateral**	**Loan Balance**
Real Estate Mortgages (*)	981.315	981.315	619.328	619.328
Vehicle Pledges	-	-	-	-
Cash Collateral (Cash, Marketable Securities, etc.)	-	-	-	-
Pledge on wages	-	-	-	-
Cheque/Notes	-	-	-	-
Other (suretyship, commercial enterprise pledge, export documents etc.)	1.309.399	1.309.399	679.630	679.630
Non-collateralized	-	-	-	-
Total	**2.290.714**	**2.290.714**	**1.298.958**	**1.298.958**

(*) Between the appraisal and mortgage amount lower one and if these exceed the credit risk, loan amount is taken into account as the net value of the collateral.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (continued):

2. Explanations on financial assets measured at amortized cost (Continued):

2. 1. Informations on loans (Continued):

2.1.h.7) Net Value of Collaterals of Non-performing Loans, Collateral Types and Risk Mapping:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
Type of collateral	**Net Value of Collateral**	**Loan Balance**	**Net Value of Collateral**	**Loan Balance**
Real estate mortgages (*)	846.569	846.569	206.723	206.723
Cash collateral	-	-	-	-
Vehicle pledges	-	-	-	-
Other (suretyship, commercial enterprise pledge, commercial valuable papers etc.)	-	-	3.446	3.446
Non-collateralized	-	8.581	-	8.342
Total	**846.569**	**855.150**	**210.169**	**218.511**

(*) The loan amount is taken into account as the net value of the collateral, which is lower than the appraisal and mortgage amount or if these exceed the credit risk.

2.1.ı) Main principles of liquidating non-performing loans and other receivables:

If there are collateral elements in the fourth section of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Reserved for them, these elements are converted into money as soon as possible as a result of both administrative and legal initiatives and the liquidation of the receivable is provided.

In the case collaterals are not present; the Parent Bank is engaged in substantive intelligence in various periods to determine whether any property holdings are subsequently acquired in order to apply for legal procedures, even if there is evidence of insolvency for the debtor.

Before and after liquidation process; the Parent Bank reviews financial information of the debtor companies. Then, in the case it is agreed that the companies show indications of operating on an ongoing basis and probably are going to have contributions to the economy; the Bank tries to make collections through rescheduling the payment terms.

2.1.i) Explanations on write-off policy:

Within the scope of the "Regulation Amending the Regulation on the Classification of Loans and the Provisions to be Set Aside", which entered into force after being published in the Official Gazette dated 6 July 2021 and numbered 31533, the portion of "Fifth Group-Loans in the Type of Loss" with life-time loss provision for which there is no reasonable expectation of recovery is deducted from records within the scope of TFRS 9 as of the first reporting period following their classification in this group. As of 31 December 2021, the Bank does not have any credits deducted from the records.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Continued):

2.2.a) Information on government securities financial assets measured at amortised cost subject to repurchase agreements:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Government Bonds	130.919	10.184
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	**130.919**	**10.184**

2.2.b) Information on given as collateral or blocked financial assets measured at amortised cost subject to repurchase agreements:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Government Bonds	10.256	10.184
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	**10.256**	**10.184**

2.2.c) Information on government securities financial assets measured at amortised cost:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Government Bonds	3.012.392	1.717.342
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	**3.012.392**	**1.717.342**

2.2.ç) Information on financial assets measured at amortised cost:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Debt Securities	3.012.392	1.717.342
Quoted on a stock exchange	3.012.392	1.717.342
Unquoted	-	-
Provision for impairment (-)	-	-
Total	**3.012.392**	**1.717.342**

2.2.d) Movement of financial assets measured at amortised cost:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Balance at the beginning of the period	1.717.342	1.066.213
Foreign currency differences on monetary assets	1.166.016	391.586
Purchases during the year (*)	139.209	286.145
Disposals through sales and redemptions (**)	(10.175)	(26.602)
Provision for impairment (-)	-	-
Balance at the end of the period	**3.012.392**	**1.717.342**

(*) TL 24.329 arises from the rediscount increase in purchases.

(**) Disposals through sales and redemptions TL 1.669 redemptions, TL 8.506 after coupon redemption rediscount and accrued interest reduction amounts.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

3. Assets held for sale and discontinued operations (Net):

None.

4. Information on investments in associates and subsidiaries:

4.1. Information on associates:

4.1.a. If there are associates that are not consolidated in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the relevant Turkish Accounting Standard, the reasons for not consolidation:

Associates that are not included in the scope of consolidation because they are not financial affiliates are valued according to the cost method.

4.1.b. General information on unconsolidated associates:

	Description	Address (City/ Country)	The Bank's share percentage-if different voting percentage (%)	The Bank's risk group share percentage (%)
1	Maksan A.Ş.	Malatya	20	31,14

4.1.c. Financial statement information of unconsolidated associates order above:

(*)	Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Income From Marketable Securities	Current Period Profit/ Loss	Prior Period Profit/ Loss	Fair Value
1	71.872	46.790	5.888	-	-	15.665	9.784	-

(*) The financial information of Maksan A.Ş.are provided from the unreviewed financial statements as of 30 September 2021, the previous period information of profit/loss amounts are provided from the unreviewed financial statements as of 30 September 2020.

4.1.ç. Movement of unconsolidated associates:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Balance at the beginning of the period	**18.693**	**15.960**
Movements during the period	**(8.574)**	**2.733**
Additions	-	-
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposals	(8.574)	-
TFRS 9 Classification Change	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	2.733
Balance at the end of the period	**10.119**	**18.693**
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) A liquidation payment was made on 31 December 2021 from Türk Suudi Holding A.Ş., which is one of the associates.

4.1.d Sectoral information about ınconsolidated associates and their carrying amounts:

None.

4.1.e Information on consolidated associates:

None.

4.1.f. Associates quoted in the stock exchange:

None.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

4. Information on investments in associates (Continued):

4.2. Information on investments in subsidiaries (Net):

The Parent Bank does not have any capital requirement arising from its subsidiaries included in the consolidated capital adequacy standard ratio.

4.2.a. Information on subsidiaries

By the application of the company's Board of Directors and approval the Capital Markets Board (CMB), Kalkınma Yatırım Menkul Değerler A.Ş.'s activities have been temporarily suspended beginning from 31 December 2009. In 2011, the licenses of the company have been cancelled. In the General Assembly held on 20 March 2012, it was resolved to liquidate the company. Since the company is in liquidation process, the Parent Bank has lost control over its subsidiary and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been classified as financial assets measured at fair value through other comprehensive income in the accompanying financial statements.

The Parent Bank has 100% participation in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL 50, and in Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. established on 17 November 2020 with a nominal capital of TL 1.800.

4.2.a.1. General information on unconsolidated subsidiaries

None.

4.2.a.2. General information on consolidated subsidiaries

	Title	Address (City / Country)	Bank's Share Percentage - If Different, Voting Rate (%)	Bank's Risk Group Share Rate (%)
1	Kalkınma Yatırım Varlık Kiralama A.Ş.	İstanbul	100	100
2	Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul	100	100

4.2.a.3. Financial statement information regarding subsidiaries in the order above:

(*)	Total Assets	Equity	Fixed Asset Total	Interest income	Securities Income	Current Period Profit / Loss	Previous Period Profit / Loss	Fair Value
1	52	50	-	-	1.882	-	-	-
2	7.667	5.273	731	-	362	2.543	(270)	-

(*) The financial information of Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. are provided from the audited financial statements as of 31 December 2021, the previous period profit/loss amounts are provided from the audited financial statements as of 31 December 2021.

4.2.b. Movement of consolidated subsidiaries:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Balance at the beginning of the period	**1.850**	-
Movements during the period	**1.200**	**1.850**
Additions	1.200	1.850
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	-
Balance at the end of the period	**3.050**	**1.850**
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

4.2. Information on investments in subsidiaries (Net):

4.2.c. Sectoral information about consolidated subsidiaries and their carrying amounts:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial subsidiaries	3.050	1.850

4.2.d. Subsidiaries quoted on the stock exchange:

None.

4.3. Information on jointly controlled entities (joint ventures):

None.

5. Information on receivables from leasing transactions (Net):

None (31 December 2020: TL 30).

6. Positive differences table for hedging derivative financial instruments:

None.

7 Information on factoring receivables:

Not.

8. Information on tangible fixed assets:

Current Period (31.12.2021)	**Real-Estates**	**Real-Estates held for sale**	**Vehicles**	**Other**	**Total**
Cost					
Balance at the beginning of the period	17.552	25.266	739	25.055	**68.612**
Provision for impairment	-	(1.186)	-	-	**(1.186)**
Movements during the period					
-Additions	1.412	2.635	136	1.933	**6.116**
-Disposals (-)	(2.360)	(16.095)	-	(383)	**(18.838)**
-Transfer from investment properties	-	-	-	-	**-**
-Provision for impairment (-)	-	-	-	-	**-**
-Reversal from provision for impairment (-)	-	457	-	-	**457**
Balance at the end of the period	**16.604**	**11.077**	**875**	**26.605**	**55.161**
Accumulated Depreciation					
Balance at the beginning of the period	6.982	486	384	13.435	**21.287**
Movements during the period					
-Depreciation charge	3.699	-	206	4.159	**8.064**
-Transfer from investment properties	-	-	-	-	**-**
-Disposals (-)	(1.693)	(239)	-	(211)	**(2.143)**
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	**8.988**	**247**	**590**	**17.383**	**27.208**
Net book value at the end of the period	**7.616**	**10.830**	**285**	**9.222**	**27.953**

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(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

8. Information on tangible fixed assets (Continued):

Prior Period (31.12.2020)	**Real-Estates**	**Real-Estates held for sale**	**Vehicles**	**Other**	**Total**
Cost					
Balance at the beginning of the period	135.507	41.582	739	25.974	**203.802**
Provision for impairment	-	(1.339)	-	-	**(1.339)**
Movements during the period					
-Additions	1.328	2.109	-	3.874	**7.311**
-Disposals (-)	(119.283)	(18.425)	-	(4.793)	**(142.501)**
-Transfer from investment properties	-	-	-	-	**-**
-Provision for impairment (-)	-	-	-	-	**-**
-Reversal from provision for impairment (-)	-	153	-	-	**153**
Balance at the end of the period	**17.552**	**24.080**	**739**	**25.055**	**67.426**
Accumulated Depreciation					
Balance at the beginning of the period	91.290	1.814	262	13.450	**106.816**
Movements during the period					
-Depreciation charge	4.822	-	122	3.769	**8.713**
-Transfer from investment properties	-	-	-	-	**-**
-Disposals (-)	(89.130)	(1.328)	-	(3.784)	**(94.242)**
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	**6.982**	**486**	**384**	**13.435**	**21.287**
Net book value at the end of the period	**10.570**	**23.594**	**355**	**11.620**	**46.139**

9. Information on intangible assets:

	Current Period (31.12.2021)	**Prior Period (31.12.2020)**
Cost		
Balance at the beginning of the period	26.707	8.945
Movements during the period	-	-
-Additions	8.103	17.762
- Disposals	-	-
Balance at the end of the period	**34.810**	**26.707**
Accumulated Amortisation		
Balance at the beginning of the period	8.963	6.860
Movements during the period	-	-
-Amortization charge	3.972	2.103
-Disposals	-	-
Balance at the end of the period	**12.935**	**8.963**
Net book value at the end of the period	**21.875**	**17.744**

10. Information on investment properties:

None.

11. Information on tax assets:

None.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

12. Information on deferred tax assets:

As of 31 December 2021, the Group has a deferred tax asset of TL 95.678. (31 December 2020: TL 18.054). The deferred tax asset is calculated over the temporary differences formed by the assets and liabilities followed by the book value in the Group's records and their tax base calculated in accordance with the tax legislation. In case the items that constitute the temporary differences are monitored among the equity items, the deferred tax asset/liability calculated over the said temporary differences are associated with the related equity items, and as of 31 December 2021, the Group has no tax assets calculated over the period loss or tax deduction (31 December 2020: None).

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Deferred Tax Assets		
From depreciations	-	169
From severence payments	3.715	2.088
Securities portfolio internal yield-exchange rate difference	2.574	3.058
Actuarial differences	-	82
Financial institutions bills in securities portfolio	4.549	-
Other non-financial treasury bills and government bonds	6.834	-
Personnel bonus premium provision	15.534	5.955
TFRS 9 provision	57.683	12.434
Derivative financial assets	6.582	-
Other	503	416
Total Deferred Tax Assets	**97.974**	**24.202**
Deferred Tax Liabilities		
From depreciations	767	-
From interest rediscounts	1.329	1.109
Financial institutions bills in securities portfolio	-	357
Other non-financial treasury bills and government bonds	-	4.499
TFRS 16 leasings	200	174
Other	-	9
Total Deferred Tax Liabilities	**2.296**	**6.148**
Net Deferred Tax Assets / (Liabilities)	**95.678**	**18.054**

13. Information on liabilities regarding assets held for sale and discontinued operations:

None.

14. Information on other assets:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Inventory	375	165
Prepaid expenses	93.931	53.070
Temporary account debtor	1.164	753
Sundry receivables	214	220
Total	**95.684**	**54.208**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities

1. Information on maturity structure of deposits:

The Parent Bank is not accepting deposits.

2. Information on funds borrowed:

2.a) Information on banks and other financial institutions:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	2.324.263	-	782.206	-
From domestic banks and ınstitutions	-	3.188.998	-	2.011.161
From foreign banks, institutions and funds	-	32.397.674	-	18.969.372
Total	**2.324.263**	**35.586.672**	**782.206**	**20.980.533**

(*) The securities amounting to TL 4.183.683 (31 December 2020: TL 1.156.749) received from the loan customers to which the rediscount credits obtained from the Central Bank of the Republic of Turkey were used were endorsed to the Central Bank of the Republic of Turkey.

2.b) Maturity structure of funds borrowed:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Short-term	-	208.415	-	94.126
Medium and long-term	2.324.263	35.378.257	782.206	20.886.407
Total	**2.324.263**	**35.586.672**	**782.206**	**20.980.533**

2.c) Additional information for the areas of liability concentrations:

As the Parent Bank is not authorized to accept deposits, liabilities are composed of funds obtained from domestic and international financial institutions, medium and long term loans and subordinated debt instruments.

Most of the loans from international finance institutions are from World Bank, European Investment Bank, European Commission Development Bank, Islamic Development Bank, The Black Sea Trade and Development Bank, Industrial and Commercial Bank of China and The German Development Bank, Asian Infrastructure Investment Bank and Japan International Corporation Bank. Domestic loans are from the Republic of Turkey Ministry of Treasury and Finance, Central Bank of the Republic of Turkey and Export Credit Bank of Turkey origin.

3. Information on funds provided under repurchase agreements:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Funds Provided under Repurchase Agreements	629.707	-	203.850	-
Total	629.707	**-**	**203.850**	**-**

4. Information on issued securities (Net):

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Asset Backed Securities	51.882	-	-	-
Total	**51.882**	**-**	**-**	**-**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

5. Explanations on funds:

Of the TL 1.528.791 which was provided to the Bank (31 December 2020: TL 245.216), TL 100.714 is from the World Bank, TL 559 is from the European Investment Bank, TL 20.510 is from the Treasury and Ministry of Finance, and TL 1.407.008 consists of funds from borrowers and banks.

6. Explanations on financial liabilities at fair value through profit and loss:

None.

7. Negative differences table for derivative financial liabilities

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	**FC**	**TL**	**FC**
Forward Transactions	-	-	47	-
Swap Transactions	26.693	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**26.693**	-	**47**	-

8. Information on factoring liabilities

None.

9. Explanations on financial lease payables (Net):

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	Gross	**Net**	**Gross**	**Net**
Less than 1 Year	6.330	5.039	6.573	4.219
1-4 Years	5.766	5.440	11.412	9.356
More Than 4 Years	-	-	-	-
Total	**12.096**	**10.479**	**17.985**	**13.575**

10. Negative differences table related to derivative financial instruments held for hedging purposes:

The Bank does not have derivative financial instruments held for hedging purposes.

11. Explanations on Provisions:

11.a) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

None (31 December 2020: None).

11.b) Specific provisions provided for unindemnified non-cash loans:

As of 31 December 2021, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 20.724 (31 December 2020: TL11.047), third stage expected loss provision is TL 1 (31 December 2020: TL 1).

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

11.c) Other provisions:

i) As of 31 December 2021, there are 144 lawsuits filed against the Bank and there is a risk amount of TL 11.515. The Bank allocated 1.950 TL lawsuit provision for the lawsuits that are thought to be or are considered to be concluded against.

ii) The Group accounts for the provisions for employee benefits in accordance with the Turkish Accounting Standards No: 19 and recognizes in financial statements. As of 31 December 2021, the Bank allocated provision for severance pay amounting to TL 10.223 (31 December 2020: TL 6.352), for unused vacation accruals amounting to TL 4.721 (31 December 2020: TL 2.871) and within the scope of TAS 19, employee benefits provision amounting to TL 36.030 (31 December 2020: TL 29.774) has been reserved.

12.a) Information on current tax liability:

12.a.1) Information on tax provision:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
Corporation tax and deferred tax	**TL**	**FC**	**TL**	**FC**
Corporate tax payable	15.044	-	38.708	-
Deferred tax payable	-	-	-	-
Total	**15.044**	**-**	**38.708**	**-**

12.a.2) Information on taxes payable:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Corporate tax payable	15.044	38.708
Taxation on income on marketable securities	189	141
Property tax	-	2
Banking ınsurance transaction tax (BITT)	4.191	1.712
Foreign exchange transaction tax	325	115
Value added tax payable	494	175
Other	2.988	1.659
Total	**23.231**	**42.512**

12.a.3) Information on premiums:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Social security premiums- Employee	744	1.009
Social security premiums- Employer	989	1.539
Bank social aid pension fund premium- Employee	-	-
Bank social aid pension fund premium- Employer	-	-
Pension fund membership fees and provisions- Employee	26	-
Pension fund membership fees and provisions- Employer	33	-
Unemployment insurance- Employee	48	72
Unemployment insurance- Employer	103	149
Other	20	-
Total	**1.963**	**2.769**

13. Information on deferred tax liabilities:

None.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

14. Information on liabilities regarding assets held for sale and discontinued operations:

None.

15. Information on subordinated loans

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	2.516.976	-	1.480.186
Subordinated loans	-	2.516.976	-	1.480.186
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	833.881	-	513.057
Subordinated loans	-	833.881	-	513.057
Subordinated debt instruments	-	-	-	-
Total	**-**	**3.350.857**	**-**	**1.993.243**

16. If other liabilities exceed 10 % of the balance sheet total, name and amount of sub-accounts constituting at least 20 % of grand total:

Other liabilities do not exceed 10% of the balance sheet total.

17. Information on consolidated shareholder's equity:

17.a) Presentation of paid-in capital:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Common stock provision	2.000.000	1.600.000
Preferred stock provision	-	-

17.b) Paid-in capital amount, explanation whether the registered share capital system is applicable for the Bank, if so amount of registered capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered capital	2.000.000	10.000.000

17.c) Information on share capital increases and their sources; other information on increased capital shares in current period:

Increase Date	Increase Amount	Cash	Income Reserves Subject to Increase	Capital Reserves Subject to Increase
31.12.2021	400.000	100.000	300.000	-

17.ç) Information on additions from capital reserves to capital in the current period:

There is no increase from capital reserves.

17.d) Capital commitments in the last fiscal year and that continue until the end of the following year-ended, general purpose of these commitments and projected resources required to meet these commitments:

The Bank has no capital commitments.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

17.e) Information on legal reserves:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
I. Legal Reserve	80.133	55.041
II. Legal Reserve	14.471	14.471
Special Reserves	-	-
Total	**94.604**	**69.512**

17.f) Information on extraordinary reserves:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	1.315.798	1.183.750
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency capital exchange difference	-	-
Total	**1.315.798**	**1.183.750**

17.g) Indicators of the Parent Bank’s income, profitability and liquidity for the prior periods and possible effects of these future assumptions based on the uncertainty of these indicators on the Bank’s equity:

The Parent Bank's prior year revenues, profitability and liquidity and projections in the future are followed by the relevant units. Considering the current conditions in the country's economy and the Parent Bank's prior year performance; within the framework of forecasts regarding income, profitability and liquidity, it is estimated that there will be no significant problems in the upcoming period.

17.h) Information on preferred shares:

The Parent Bank has no preferred shares.

17.ğ) Information on accumulated other comprehensive income or loss that will be reclassified to profit or loss:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
From associates, subsidiaries and jointly controlled entities (joint ventures)	-	-	-	-
Valuation difference	10.040	(33.299)	4.509	10.405
Foreign exchange difference	-	-	-	-
Total	**10.040**	**(33.299)**	**4.509**	**10.405**

17.i) Information on minority shares:

None.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Consolidated Off-Balance Sheet Accounts

1. Information on off-balance sheet liabilities:

1.a) Nature and amount of irrevocable loan commitments:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Forward asset purchase and sales commitments	134.930	-
Other irrevocable commitments	268.732	24.399
Total	**403.662**	**24.399**

1.b) Nature and amount of possible losses and commitments from the off-balance sheet items including the below mentioned:

As of 31 December 2021, the first stage expected loss provision for non-compensated and non-cash loans is TL 20.724 (31 December 2020: TL 11.047), third stage expected loss provision is TL 1 (31 December 2020: TL 1).

1.b.1) Guarantees, confirmed bills and guarantees assessed as financial guarantees and non-cash loans including other letter of credits:

The Parent Bank has letter of credit commitments amounting to TL 54.972 (31 December 2020: TL 33.822) and guarantees given amounting to TL 328.467 (31 December 2020: None). There are no bank loans.

1.b.2) Definite guarantees, tentative guarantees, suretyships and similar transactions:

Total amount of the Parent Bank's TL letters of guarantee are TL 1.922.408 (31 December 2020: TL 696.834). TL 1 (31 December 2020: TL 3) of this amount is letters of guarantee given to customs and other part is definite letters of guarantees.

1.c.1) Total non-cash loans

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Non-cash loans for providing cash loans	328.467	-
With original maturity of one year or less	-	-
With original maturity more than one year	328.467	-
Other non-cash loans	1.977.380	730.656
Total	**2.305.847**	**730.656**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Consolidated Off-Balance Sheet Accounts (Continued):

1.c.2) Non-cash loans sectoral risk concentrations:

	Current Period (31.12.2021)				Prior Period (31.12.2020)			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	1	-	-	-
Farming and raising livestock	-	-	-	-	1	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	53.162	99,98	2.252.675	100,00	54.816	99,98	675.830	100,00
Mining and quarry	-	-	-	-	-	-	-	-
Manufacturing	1	-	54.972	2,44	1	-	33.822	5,00
Electricity, gas and water	53.161	99,98	2.197.703	97,56	54.815	99,98	642.008	95,00
Construction	-	-	-	-	-	-	-	-
Service	10	0,02	-	-	9	0,02	-	-
Wholesale and retail trade	-	-	-	-	-	-	-	-
Hotel and food services	-	-	-	-	-	-	-	-
Transportation and communication	-	-	-	-	-	-	-	-
Financial institutions	10	0,02	-	-	9	0,02	-	-
Real estate and leasing services	-	-	-	-	-	-	-	-
Self-employment services	-	-	-	-	-	-	-	-
Educational services	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	**53.172**	**100,00**	**2.252.675**	**100,00**	**54.826**	**100,00**	**675.830**	**100,00**

1.c.3) Non-cash loans classified in group I and II:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	I. Group		I. Group	
Non-cash loans	**TL**	**FC**	**TL**	**FC**
Letters of guarantee	53.170	1.869.236	54.823	642.008
Letters of credit	-	54.972	-	33.822
Endorsements	-	328.467	-	-

2. Information on derivative financial instruments:

Derivative transactions of the Parent Bank consist of swap purchasing and selling transactions. Swap transactions in TL and foreign currencies are shown in the table below as of 31 December 2021.

	Current Period (31.12.2021)				Prior Period (31.12.2020)			
	Forward Purchase	**Forward Sale**	**Swap Purchase**	**Swap Sale**	**Forward Purchase**	**Forward Sale**	**Swap Purchase**	**Swap Sale**
TL	-	-	417.572	-	7.424	7.386	-	-
USD	-	-	-	1.289.857	16.582	10.186	-	-
EUR	-	-	846.860	-	2.742	9.141	-	-
Other	-	-	-	-	-	-	-	-
Total	**-**	**-**	**1.264.432**	**1.289.857**	**26.748**	**26.713**	**-**	**-**

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Consolidated Off-Balance Sheet Accounts (Continued):

3. Information on contingent liabilities and assets

Istanbul Venture Capital Initiative (IVCI - A Luxemburg Investment Company Fund) is founded as a stock company having variable capital and subject to laws of Luxemburg. The Parent Bank has committed to buy "Group A" shares equal to nominal value of EUR 10 million and to pay this amount at the date determined by Fund according to its investment plan. The Fund's initial capital commitment was EUR 150 Million and its capital was increased to EUR 160 Million with new participants in March 2009. The Parent Bank's participation was approved by the Board of Directors of IVCI on 13 November 2007 and share purchase agreement was signed at of the same date.

The Parent Bank made payment of share capital constituting payments equal to EUR 300.000 on 7 November 2008, EUR 218.750 on 6 July 2009 and EUR 281.250 on 12 November 2010, EUR 167.500 on 15 July 2011, EUR 437.500 on 10 November 2011, EUR 500.000 on 15 February 2012, EUR 500.000 on 25 May 2012, EUR 250.000 on 10 August 2012, EUR 500.000 on 19 September 2012, EUR 500.000 on 18 January 2013, EUR 500.000 on 27 June 2013 and EUR 500.000 on 13 December 2013, EUR 500.000 on 1 August 2014, EUR 500.000 on 29 August 2014, EUR 500.00 on 4 May 2015, EUR 500.000 on 16 October 2015, EUR 500.000 on 3 May 2016 and EUR 312.500 on 30 November 2017, EUR 312.500 on 2 March 2018, EUR 312.500 on 12 December 2018, EUR 980.842 on 13 December 2019, EUR 312.500 on 21 July 2020, the total capital payment is EUR 9.385.842.

With reference to the above capital contributions, out of the Parent Bank's total commitment of EUR 10 million, EUR 9.385.842 have been paid , EUR 614.158 is not yet paid as of the balance sheet date.

The Parent Bank has made an investment commitment of up to 3 Million EURO to 212 Regional Fund II, whose establishment location is Luxembourg, as a limited partner, below 10% of the total fund commitment amount.

The Parent Bank made payment of share capital constituting payments equal to EUR 45.000 on 31 December 2018, EUR 120.000 on 21 January 2019, EUR 330.000 on 21 March 2019, EUR 120.000 on 9 September 2019, EUR 330.000 on 9 December 2019, EUR 300.000 on 4 May 2021, EUR 60.000 on 29 July 2021, EUR 165.000 on 15 November 2021.

Based on the explanations above, the Bank has paid EUR 1.470.000 of the amount of EUR 3 Million committed as of the balance sheet date, while EUR 1.530.000 has not been paid yet.

The Bank has committed to invest TL 25.000 in the Development Participation Venture Capital Investment Fund and TL 15.000 in the Innovative and Advanced Technologies Participation Venture Capital Investment Fund, of which its subsidiary, Development Private Equity Portfolio Management is the founder and manager. On 28 July 2021, capital share payments of TL 295 to the Participation Venture Capital Investment Fund, and TL 131 to the Innovative and Advanced Technologies Participation Venture Capital Investment Fund have been made and as of the balance sheet date, TL 39.574 of the total commitment to these funds has not been paid yet.

The Bank has committed to invest TL 200.000 in the TKYB Capital Fund, of which Turkey Development Fund is the founder and Development Venture Capital Portfolio Management Inc. is the manager. A capital share payment of TL 2.401 was made on 30 September 2021, and TL 297 was paid on 26 November 2021, and as of the balance sheet date, TL 197.302 of the total commitment to the fund has not been paid yet.

4. Services supplied on behalf of others:

The Parent Bank does not act as an intermediary for purchases and sales of securities on behalf of others and provides custody services.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Consolidated Statement of Profit or Loss:

1.a) Information related to interest income on loans:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	**FC**	**TL**	**FC**
Interest on Loans (*)				
Short term loans	4.507	1.168	310	7.874
Medium and long term loans	276.113	1.032.083	57.192	737.021
Interest on non-performing loans	60.092	-	8.734	-
Total	**340.712**	**1.033.251**	**66.236**	**744.895**

(*) Includes fees and commissions received from cash-loans.

1.b) Information related to interest income on banks:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	**FC**	**TL**	**FC**
From Central Bank of the Republic of Turkey	-	-	-	-
From domestic banks	354.114	18.576	128.562	7.088
From foreign banks	-	13	-	55
From foreign head offices and branches	-	-	-	-
Total	**354.114**	**18.589**	**128.562**	**7.143**

1.c) Information related to interest income on marketable securities:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	**FC**	**TL**	**FC**
Financial assets measured at fair value through profit and loss	-	-	-	-
Financial assets measured at fair value through other comprehensive income	132.322	48.928	87.740	14.757
Financial assets measured at amortised cost	27.699	124.865	15.471	70.455
Total	**160.021**	**173.793**	**103.211**	**85.212**

1.ç) Information related to interest income from associates and subsidiaries:

None.

1.d) Information on interest income from money market transactions:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	**FC**	**TL**	**FC**
Interest received from money market transactions	7.841	-	81	-
Interests received from reverse repo transactions	131.764	-	80.994	-
Total	**139.605**	**-**	**81.075**	**-**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Consolidated Statement of Profit or Loss (Continued):

2.a) Information related to interest expense on borrowings:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Banks(*)	175.943	631	8.213	1.172
Central Bank of the Republic of Turkey	175.943	-	8.206	-
Domestic Banks	-	631	7	1.172
Foreign Banks	-	-	-	-
Foreign Head Office and Branches	-	-	-	-
Other Institutions(*)	3.453	592.468	1.061	454.915
Total	**179.396**	**593.099**	**9.274**	**456.087**

(*) Includes fees and commissions payable to cash-loans.

2.b) Information related to interest expenses to subsidiaries and associates:

None.

2.c) Information related to interest on securities issued:

The Parent Bank has no securities issued.

2.ç) Information related to interest on money market transactions:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Money market transactions	525	-	10	-
Repurchase agreements	39.912	-	5.727	-
Total	**40.437**	-	**5.737**	-

2.d) Leasing interest expenses:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Buildings	2.225	-	2.604	-
Vehicles	273	-	457	-
Total	**2.498**	**-**	**3.061**	**-**

3. Information related to dividend income:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Financial assets measured at fair value through profit and loss	92.330	4.426
Financial assets measured at fair value through other comprehensive income	784	1.035
Other	12.860	95
Total	**105.974**	**5.556**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Consolidated Statement of Profit or Loss (Continued):

4. Information related to trading income/loss:

	Current Period (31.12.2021)	**Prior Period (30.12.2020)**
Gain	**1.209.889**	**133.094**
Gains on capital market operations	25.397	5.987
Gains on derivative financial instruments	676.760	49.657
Foreign exchange gains	507.732	77.450
Loss (-)	**(1.140.736)**	**(123.031)**
Losses from the capital market operations	(5.059)	-
Losses on derivative financial instruments	(677.504)	(113.184)
Foreign exchange losses	(458.173)	(9.847)

5. Information related to other operating income:

	Current Period (31.12.2021)	**Prior Period (31.12.2020)**
Income from sale of assets	60.608	124.013
Reversals from prior years' provisions	32.050	42.625
Other	13.519	9.626
Total	**106.177**	**176.264**

In general, the Parent Bank's other operating income consists of expected loss provisions allocated in previous years, stock depreciation provisions, severance pay provisions, premium-dividend provisions cancellations and income from sales of assets.

6. Group's expected credit loss expenses and other provision expenses:

	Current Period (31.12.2021)	**Prior Period (31.12.2020)**
Expected credit loss provisions	488.182	165.986
12 month expected credit loss (Stage 1)	55.057	82.334
Significant incerase in credit risk (Stage 2)	20.520	17.989
Non-performing loans (Stage 3)	412.605	65.663
Marketable securities impairment expense	-	-
Financial assets at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	-	-
Subsidiaries, associates and joint ventures provision expenses for impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other provision expenses	44.224	-
Total	**532.406**	**165.986**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Consolidated Statement of Profit or Loss (Continued):

7. Information related to other operating expenses:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Provision for employee termination benefits(*)	5.830	2.166
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	8.064	8.713
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	3.972	2.103
Impairment charges on investments accounted for at equity method accounting	-	-
Impairment charges of assets that will be disposed	-	-
Amortization charges of assets that will be disposed	-	-
Impairment charges for non-current assets held for sale and discontinued operations	-	-
Other operating expenses	24.789	19.019
Leasing expenses related to TFRS 16 exceptions	107	136
Maintenance expenses	376	650
Advertisement expenses	61	136
Other expenses (**)	24.245	18.097
Loss on sale of assets	-	888
Other	24.433	15.038
Total	**67.088**	**47.927**

(*) Provision for Severance Pay and Provision for Short Term Employee Benefits are shown in the Other Provisions line in the profit or loss statement.

(**) TL 1.367 of other expenses is from cleaning expenses (31 December 2020: TL 2.062), TL 4.497 is from communication expenses (31 December 2020: TL 4.135), TL 610 is from security expenses (31 December 2020: TL 1.818), TL 4.880 is from computer usage expenses (31 December 2020: TL 1.936), TL 275 is from heating, lighting and water expenses (31 December 2020: TL : 1.317), TL 3.909 is from vehicle expenses (31 December 2020: TL 2.976), TL 595 amount consists of dues (31 December 2020: TL 397) and the remaining part to TL 8.112 (31 December 2020: TL 3.456) consists of other miscellaneous expenses.

(***)The part of the other amounting to TL 12.435 is from taxes, duties, fees and fund expenses (31 December 2020: TL 4.423), TL 5.121 is from audit and consultancy fees (31 December 2020: TL 5.660), TL 3.988 is from BRSA participation share (31 December 2020 : TL 3.143) and the remaining part amounting to TL 2.889 (31 December 2020: TL 1.761) consists of other miscellaneous expenses.

8. Announcement of the fees related to the services received from the independent auditor or independent audit firm:

By the decision of the POA dated 26 March 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below, excluding VAT amounts.

	Current Period (31.12.2021)	Prior Period (31.12.2020)
The Independent audit fee for the reporting period	713	497
Fee for tax advisory services	81	64
Fee for other assurance services	98	47
Fees for services other than independent auditing	-	-
Total	**892**	**608**

9. Information related to operating profit/loss before taxes:

As of 31 December 2021, the Group's income before tax from the continuing operations is TL 1.015.023 (31 December 2020: TL 620.451) and the Group has no discontinued operations.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Consolidated Statement of Profit or Loss (Continued):

10. Information related to tax provisions for taxes:

As of 31 December 2021, the Group's income tax provision from continuing operations amounting to TL 198.556, (31 December 2020: TL 118.868) consists of TL 257.424 of current tax charge (31 December 2020: TL 143.198), TL 58.868 of deferred tax benefit (31 December 2020: TL 24.330).

11. Information related to net operating income after taxes:

The Group has earned net profit of TL 816.467 from continuing operations between 1 January 2021 and 31 December 2021 (Between 1 January 2020-31 December 2020: TL 501.583).

12. Information on net profit/loss:

12.a) The nature and amount of income and expenses from ordinary banking operations, if their nature, amount and frequency are required for the complete understanding of the performance of the Bank in the current period:

None.

12.b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:

There are no changes in accounting estimates.

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

The total amount of other received fees and commissions in the profit or loss statement as of 31 December 2021 is TL 49.183 (31 December 2020: TL 27.439). TL 30.044 (31 December 2020: TL 4.988) of this amount is investment banking services income, TL 8.894 (31 December 2020: TL 139) is loan commitment commissions, TL 3.084 (31 December 2020: TL 3.941) is loan early payment compensations.

As of 31 December 2021, the total amount of other fees and commissions given in the profit or loss statement is TL 15.960 (31 December 2020: TL 10.521). TL 8.037 (31 December 2020: TL 6.803) of this amount is credit guarantee fund limit commissions, TL 3.549 (31 December 2020: 1.486 TL) of this amount is stock market transaction commissions and TL 1.901 (31 December 2020: TL 1.204) is listing fees.

14. Profit / Loss of Minority Rights:

None.

V. Explanations and Notes Related to Statement of Changes in Shareholders' Equity:

In legal records, paid-in capital is TL 2.000.000 (31 December 2020: TL 1.600.000). As of the balance sheet date, the balance of legal reserves is TL 94.604 (31 December 2020: TL 69.512), the balance of extraordinary reserves is TL 1.315.798 (31 December 2020: TL 1.183.750) and the balance of other legal reserves is TL 53.474 (31 December 2020: TL 8.774).

The fair value difference of TL (25.477), which is the entire valuation difference of securities, results from the decrease in value of financial assets reflected in other comprehensive income.

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and Notes Related to Consolidated Cash Flow Statement:

1. Explanations related to “other” items and “effect of change in foreign currency rates on cash and cash equivalents” in statement of cash flows:

Net cash inflows from the Parent Bank's banking activities amount to TL 362.436 (31 December 2020: TL 1.854.514). TL (393.755) (31 December 2020 TL 1.438.110) of the net cash inflows arising from banking activities is due to the change of active and passive accounts; TL 756.191 (31 December 2020: TL 416.404) arises from operating profit. Funds from which “Net Increase (Decrease) in Other Payables” item, which is included in the exchange of active and passive accounts, originates from changes in repo transactions, various debts, other foreign resources and taxes to be paid, changes in pictures, fees and premiums and is TL 1.462.285 (31 December 2020: TL 471.389). The “Other” item included in the operating profit is composed of items such as wages and commissions, other operating expenses except commercial profit / loss and personnel expenses, and it has been TL (432.408) (31 December 2020: TL(241.961)).

There is cash inflow from financing activities due to cash capital inflow in 2021.

The effect of change in foreign currency rates on cash and cash equivalents is calculated by converting original currencies of cash and cash equivalents into TL using rates for both beginning and end of the period. The effect for the current period is calculated as TL 614.449 (31 December 2020: TL 217.938).

2. Cash and cash equivalents at the beginning of the period:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Cash	26.876	24.002
Cash in TL and foreign currencies	10	17
Demand deposits at banks and Central Bank of the Republic of Turkey	26.866	23.985
Cash equivalents	5.030.503	2.446.567
Interbank money market	1.500.000	127.486
Time deposits at banks	3.530.503	2.319.081
Total cash and cash equivalents	5.057.379	2.470.569

The total value of the transactions in prior period is the sum of current periods cash and cash equivalents.

3. Cash and cash equivalents at the end of the period:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Cash	34.504	26.876
Cash in TL and foreign currencies	24	10
Demand deposits at banks and Central Bank of the Republic of Turkey	34.480	26.866
Cash equivalents	4.227.741	5.030.503
Interbank money market	990.878	1.500.000
Time deposits at banks	3.236.863	3.530.503
Total cash and cash equivalents	4.262.295	5.057.379

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations Related to Risk Group of the Parent Bank:

Predicted limitations determined in the Banking Law are maintained through internal regulations in the Parent Bank which has no transactions related to deposit acceptance. For the transactions with risk groups, normal customer relationships and market conditions are taken into account. The Group adopts policies that restrict the balance of transactions with risk groups in total assets and liabilities. Practices are carried out in accordance with this policy.

a) Current Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	3.759	-	-	-	-	-
Closing Balance (*)	3.834	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(*) TL 3.834 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.834 is set aside for the expected loss in the third stage.

b) Prior Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	1.785	-	-	-	-	-
Closing Balance (*)	3.759	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(*) TL 3.759 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.759 is set aside for the expected loss in the third stage.

c) Information on forward transactions, option contracts and similar other transactions between the Parent Bank and its risk groups:

None.

d) Information on remuneration and benefits provided for the senior management of the Parent Bank:

Salaries and dividend paid to members of Board of Directors, Supervisory Board, General Manager and Executive Vice Presidents are presented below.

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Salaries	9.911	8.544
Dividend and fringe benefits	1.825	1.192
Total	**11.736**	**9.736**

VIII. Explanations Related to the Parent Bank's Domestic, Foreign and Off-shore Branches and Representatives Offices Abroad:

None.

SECTION SIX

I. Other Explanations Related to Operations of the Parent Bank:

The summary of information on the Bank's rating by International Rating Agencies:

The international ratings of the Bank are performed by Fitch on 10 December 2021.

	2021	2020
Foreign Currency Commitments		
Long Term	BB-	BB-
Short Term	B	B
Outlook	Negative	Negative
Turkish Lira Commitments		
Long Term	BB-	BB-
Short Term	B	B
Outlook	Negative	Negative
National		
Long Term	AAA(TUR)	AAA(TUR)
Outlook	Negative	Stable
Individual Rating	3	3
Support Points	BB-	BB-

II. Explanations and notes related to subsequent events:

The sale of the Bank's Luxembourg-based 212 Regional Fund II investment to TKYB Capital Fund was made on 3 January 2022 and the remaining commitment of the Bank as of the date of sale was transferred.

The application made by the Bank for the issuance of bonds, bills, and similar debt instruments up to a maximum of 400 million USD or equivalent foreign currency or Turkish Lira in total, to be made through one or more issuances, without public offering abroad, has been approved by the Capital Markets Board on 27 January 2022.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Explanations on Independent Auditors' Report:

The financial statements as of 31 December 2021 were audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Independent Auditors' Report dated 8 February 2022 is presented preceding the financial statements.

II. Explanations and Notes Prepared by Independent Auditor:

None.