

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Ziraat Katılım Bankası Anonim Şirketi

A. Audit of the Unconsolidated Financial Statements

1. Opinion

We have audited the accompanying unconsolidated financial statements of Ziraat Katılım Bankası Anonim Şirketi (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2021, unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2021, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2. Basis for Opinion

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards)

(the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

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

Key Audit Matters	How the key audit matter was addressed in the audit
<p data-bbox="225 369 858 410">Expected credit losses for loans and receivables</p> <p data-bbox="225 410 858 758">The Bank has total expected credit losses for loans amounting to TL 1.734.896 thousand in respect to total loans amounting to TL 68.134.816 thousand which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2021. Explanations and notes related to expected credit losses provisions for loans are presented Section Three VII, Section Three VIII, Section Four II, Section Four IX-3, Section Five I.6 and Section Five II-8 in the accompanying unconsolidated financial statements as at 31 December 2021.</p> <p data-bbox="225 758 858 1218">The Bank recognizes provision for impairment in accordance with "IFRS 9 Financial Instruments" ("IFRS 9") requirements effective in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment. The effects of the COVID-19 outbreak increased the importance of these estimates and assumptions used by the Bank's management in determining the loan loss provisions as of 31 December 2021, and the uncertainties caused by these effects were taken into account in the calculation of expected credit loss using expert opinion.</p>	<p data-bbox="858 369 1495 584">With respect to stage classification of loans and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Bank including the effects of COVID-19 outbreak within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p data-bbox="858 584 1495 1085">For important loan portfolios, we checked appropriateness of matters considered in methodology applied by the Bank with IFRS 9 for calculation of the provision amount through stage classification of loans. For forward looking assumptions made by the Bank's management in its expected credit losses calculations including the effects of the COVID-19 pandemic, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, loss given default model, and approaches in relation to projection of macroeconomic expectations including the effects of the COVID-19 outbreak with our financial risk experts.</p> <p data-bbox="858 1085 1495 1197">We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors).</p> <p data-bbox="858 1197 1495 1330">Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology made within the year and the performance of the impairment models used.</p> <p data-bbox="858 1330 1495 1477">We have checked selected models used in determination of provisions for various credit portfolios with our financial risk experts by reperforming on a sample selection basis.</p>

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Key Audit Matters	How the key audit matter was addressed in the audit
<p data-bbox="97 376 730 410">Expected credit losses for loans and receivables</p> <p data-bbox="97 431 730 615">The Bank uses complex models derived from more than one system to calculate the expected loan loss provision. Information including past events, current conditions and macroeconomic estimates which are taken into account in expected loss provision accounting should be reasonable and supportable.</p> <p data-bbox="97 635 730 1017">Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p data-bbox="735 376 1359 506">We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</p> <p data-bbox="735 527 1359 588">For a selected sample, we checked accuracy of resultant expected credit losses calculations.</p> <p data-bbox="735 609 1359 793">To assess appropriateness of the Bank's determination of staging for credit risk within the framework of current regulations, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</p> <p data-bbox="735 813 1359 895">We evaluated the adequacy of the disclosures made in the unconsolidated financial statements regarding the provision for impairment of loans.</p>

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

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

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

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

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

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

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2021 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Zeynep Uras, SMMM
Partner
Istanbul, 14 February 2022

UNCONSOLIDATED FINANCIAL REPORT OF ZİRAAT KATILIM BANKASI A.Ş. AS OF 31 DECEMBER 2021

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The unconsolidated financial report for the year ended prepared in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND DISCLOSURES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- AUDITOR'S REPORT

The accompanying unconsolidated financial statements and notes to these financial statements for 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.

Alpaslan ÇAKAR
Chairman of the Board

Fikrettin AKSU
Vice chairman of the BOD, Member of
the Audit Committee

Metin ÖZDEMİR
Member of the Board,
General Manager

Mahmut Esfa EMEK
Member of the Board,
Member of the Audit Committee

Osman KARAKÜTÜK
Vice President of Treasury
Management and International
Banking

Gürkan ÇAKIR
Head of Financial Management
Department

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

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Ziraat Katılım Bankası A.Ş.**NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION ONE**GENERAL INFORMATION ABOUT THE BANK****I. HISTORY OF THE BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS**

Ziraat Katılım Bankası A.Ş. (“the Bank”) is founded by permission of Banking Regulation and Supervision Agency numbered as 6046 at 10 October 2014 which was published in the Official Gazette numbered as 29146 at 15 November 2014 with a capital of TL 675.000 that is fully paid by T.C. Treasury and its legal entity was comprised of the registration in the trade registry as of 16 February 2015. The Bank has obtained official permission by the decision of Banking Regulation and Supervision Agency numbered as 6302 at 12 May 2015 and published in the Official Gazette numbered as 29355 at 14 May 2015. The Bank has begun its operations by opening its first branch in 29 May 2015. In accordance with the decision of the Bank’s Ordinary General Assembly Meeting held on 29 April 2016, the paid-in capital of the Bank has been increased in cash by TL 72.000 from TL 675.000 to 747.000. In accordance with the decision of the Bank’s Ordinary General Assembly Meeting held on 13 June 2017, the paid-in capital of the Bank has been increased by the amount of cash by TL 500.000 and by increasing the amount of internal resources by TL 3.000 to TL 1.250.000. In accordance with the decision of the Bank’s Ordinary General Assembly Meeting held on 20 September 2018, the paid-in capital of the Bank has been raised from TL 1.250.000 to TL 1.750.000 by increasing the amount of cash by TL 500.000.

Main operation field of the Bank is gathering funds by the accounts named as “Private Current Accounts” and “Participation Accounts to Profit and Loss” from domestic and abroad additional to its own capital and lending these funds to the economy, carrying up every kind of financing operations within the scope of legal legislation, promoting investment operations of real and corporate bodies that are making agricultural, industrial and commercial operations, participating in these operations, making up joint ventures and carrying out all these services and operations within the scope of participation banking fundamentals.

The Bank can carry out every kind of banking, economic, trade and financial operation within the limits of permissions given by the Banking Regulation and Supervision Agency within the scope of Participation Banking fundamentals.

According to decision of the Banking Regulation and Supervision Agency dated 18 January 2019 and numbered 8210 of, with the framework Ziraat Katılım Bankası A.Ş. board of directors decisions no 6/1 dated 21 February 2019, The Parent Bank (Transferee) and Ziraat Finansal Kiralama A.Ş. (Acquired) are merged in accordance with relevant articles of the Turkish Commercial Code No. 6102. The merger was registered on 1 March 2019 by the Istanbul Trade Registry Office.

All of the shares of the of the Bank, Ziraat Katılım Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

II. EXPLANATION ABOUT THE BANK'S CAPITAL STRUCTURE AND SHAREHOLDERS WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS THROUGHOUT THE YEAR (IF ANY) AND GROUP OF THE BANK

As of 31 December 2021 and 31 December 2020, main shareholders and capital amounts as follows:

Name of Shareholders	31 December 2021		31 December 2020	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş. ^(*)	1.750.000	99,9999996	1.750.000	99,9999996
Türkiye Sigorta A.Ş. ^(**)	-	0,0000001	-	0,0000001
Türkiye Hayat ve Emeklilik A.Ş. ^(**)	-	0,0000001	-	0,0000001
Ziraat Teknoloji A.Ş.	-	0,0000001	-	0,0000001
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,0000001	-	0,0000001
Total	1.750.000	100,00	1.750.000	100,00

^(*) All of the Bank's parent company T.C. Ziraat Bankası A.Ş. shares has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury ("Treasury") to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

^(**) Ziraat Sigorta A.Ş. was transferred to Turkey Wealth Fund under the name of Türkiye Sigorta A.Ş. on 27 August 2020. Ziraat Hayat ve Emeklilik A.Ş. was transferred to Turkey Wealth Fund under the name of Türkiye Hayat ve Emeklilik A.Ş. on 24 August 2020.

III. EXPLANATIONS ON THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, MEMBERS OF AUDIT COMMITTEE, GENERAL MANAGERS AND ASSISTANT GENERAL MANAGERS AND THEIR SHAREHOLDINGS IN THE BANK

Name	Title
Board of Directors	
Alpaslan ÇAKAR ^(*)	Chairman
Fikrettin AKSU	Vice chairman of the BOD, Member of the Audit Committee, Member of Corporate Management Committee
Metin ÖZDEMİR	Member of the BOD, General Manager, Member of Pricing Committee, President of Credit Committee
Mahmut Esfa EMEK	Member of the BOD, Member of Audit Committee, Member of Pricing Committee, Associate Member of Credit Committee,
Ahmet BUÇUKOĞLU	Member of the BOD, Member of Credit Committee,
Hasan DURSUN	Member of the BOD, Member of Corporate Management Committee, Member of Credit Committee
Assistant General Manager	
Mehmet Said GÜL	Information Technologies and Operational Processes
Osman KARAKÜTÜK	Treasury Management and International Banking
Önder KIRMAN	Loan Allocation and Management
Temel Tayyar YEŞİL ^(**)	Corporate Banking

^(*) He has been appointed as the Chairman of the Board of Directors as of 1 February 2022.

^(**) With the decision taken on 17 January 2022 regarding the organizational structure of the Bank, the name of the Branch Banking and Sales Management Assistant General Manager was changed to the Corporate Banking Assistant General Manager.

The Bank's Chairman and Members of the Board of Directors, Members of the Audit Committee, General Manager and Deputy General Managers do not own any shares of the Bank.

Ziraat Katılım Bankası A.Ş.**NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE BANK

Name/Trade Name	Share Amount	Shareholding Percentage	Paid Shares	Unpaid Shares
T.C. Ziraat Bankası A.Ş.	1.750.000	100,00	1.750.000	-
Total	1.750.000	100,00	1.750.000	-

V. EXPLANATIONS OF THE BANK’S SERVICES AND FIELD OF OPERATIONS

Operation field of Bank was declared in the prime contract within the scope of Banking Law and other legislation codes. The bank collects funds with the scope of Banking Principles and provide all type of cash, non-cash funds within the scope of Islamic banking principles in any case. Moreover, the Bank operates its participation banking operations to the extent permitted by the Legal Code, for the benefit of the society within the principles of the participation banking such as for the purpose of society.

The Bank sorts out participation accounts and participation accounts based on investment proxy contracts discretely from the other accounts in its account records in terms of their maturity. Participation accounts are opened in 5 maturity groups as maturity to one month, maturity to three months (three months included), maturity to nine months (nine months included), maturity to one year (one year included) and maturity to one year or more (with dividend payment of one month, 3 months, six months and annually). Participation accounts based on investment proxies can be opened under the entire maturity group, with a maturity of less than one month.

As of 31 December 2021, the Bank operates with its 120 domestic branches (31 December 2020: 104 domestic branches, 1 abroad branch) and 120 branches in total, including the Sudan branch, which started operations as of 27 August 2020 abroad. 1.529 employees domestically (31 December 2020: 1.261).

VI. CURRENT OR LIKELY ACTUAL LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES

None.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION TWO

THE BANK’S UNCONSOLIDATED FINANCIAL STATEMENTS

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- II. Unconsolidated Statement of off-balance sheet commitments
- III. Unconsolidated Statement of profit or loss
- IV. Unconsolidated Statement of profit or loss and other comprehensive income
- V. Unconsolidated Statements of changes in shareholders’ equity
- VI. Unconsolidated Statement of cash flows
- VII. Unconsolidated Statement of profit distribution

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Note (V-I)	Current Period (31/12/2021)			Prior Period (31/12/2020)		
		TL	FC	Total	TL	FC	Total
AKTİF VASSETLER							
I. FINANCIAL ASSETS (NET)		7.906.952	21.137.037	29.043.989	5.195.516	11.233.289	16.428.805
1.1 Cash And Cash Equivalents		3.074.376	15.564.971	18.639.347	419.033	9.854.915	10.273.948
1.1.1 Cash And Balances With Central Bank	(1)	3.066.213	12.224.478	15.290.691	409.579	5.067.541	5.477.120
1.1.2 Banks	(2)	9.647	3.340.493	3.350.140	12.394	4.787.374	4.799.768
1.1.3 Money Markets Placements		-	-	-	-	-	-
1.1.4 Provision for Expected Losses (-)		1.484	-	1.484	2.940	-	2.940
1.2 Financial Assets Measured At Fair Value Through Profit/Loss	(3)	-	1.795.316	1.795.316	980.872	-	980.872
1.2.1 Government Securities		-	1.795.316	1.795.316	980.872	-	980.872
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(4)	4.819.812	3.769.758	8.589.570	3.767.367	1.378.365	5.145.732
1.3.1 Government Securities		4.151.159	3.769.758	7.920.917	3.276.744	1.378.365	4.655.109
1.3.2 Equity Securities		10.412	-	10.412	10.412	-	10.412
1.3.3 Other Financial Assets		658.241	-	658.241	480.211	-	480.211
1.4 Derivative Financial Assets	(5)	12.764	6.992	19.756	28.244	9	28.253
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		12.764	6.992	19.756	28.244	9	28.253
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		36.662.193	31.065.684	67.727.877	29.455.349	13.530.498	42.985.847
2.1 Loans	(6)	33.940.247	24.648.305	58.588.552	27.553.401	10.670.016	38.223.417
2.2 Lease Receivables	(6)	4.090.120	5.456.144	9.546.264	2.851.377	2.284.842	5.136.219
2.3 Measured at Amortized Cost	(7)	-	1.327.957	1.327.957	-	779.437	779.437
2.3.1 Government Securities		-	1.327.957	1.327.957	-	779.437	779.437
2.3.2 Other Financial Assets		-	-	-	-	-	-
2.4 Expected Credit Losses (-)		1.368.174	366.722	1.734.896	949.429	203.797	1.153.226
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	307.881	-	307.881	75.240	-	75.240
3.1 Assets Held for Sale		307.881	-	307.881	75.240	-	75.240
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES	(9)	100	-	100	100	-	100
4.1 Associates (Net)		-	-	-	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)		100	-	100	100	-	100
4.2.1 Unconsolidated Financial Investments in Subsidiaries		100	-	100	100	-	100
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)		-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (NET)	(10)	301.045	874	301.919	177.601	363	177.964
VI. INTANGIBLE ASSETS (Net)	(11)	223.839	-	223.839	161.257	-	161.257
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		223.839	-	223.839	161.257	-	161.257
VII. INVESTMENT PROPERTY (NET)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(13)	301.329	-	301.329	108.597	-	108.597
X. OTHER ASSETS	(14)	347.531	58.127	405.658	213.728	35.458	249.186
TOTAL ASSETS		46.050.870	52.261.722	98.312.592	35.387.388	24.799.608	60.186.996

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

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	LIABILITIES	Note (V-II)	Current Period (31/12/2021)			Prior Period (31/12/2020)		
			TL	FC	Total	TL	FC	Total
I.	FUNDS COLLECTED	(1)	29.714.756	48.219.141	77.933.897	24.902.562	21.483.588	46.386.150
II.	FUNDS BORROWED	(2)	4.476.794	1.688.051	6.164.845	4.397.336	1.046.528	5.443.864
III.	MONEY MARKETS DEBTS	(3)	3.784.645	-	3.784.645	2.101.073	-	2.101.073
IV.	SECURITIES ISSUED (Net)	(4)	-	-	-	-	-	-
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(5)	-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES	(6)	70.653	1.039	71.692	-	19.440	19.440
6.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		70.653	1.039	71.692	-	19.440	19.440
6.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VII.	LEASE PAYABLES	(7)	194.453	10	194.463	111.946	15.688	127.634
VIII.	PROVISIONS	(8)	229.371	417.899	647.270	211.628	197.616	409.244
8.1	Restructuring Provisions		-	-	-	-	-	-
8.2	Reserve for Employee Benefits		37.259	-	37.259	56.070	-	56.070
8.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4	Other Provisions		192.112	417.899	610.011	155.558	197.616	353.174
IX.	CURRENT TAX LIABILITY	(9)	350.441	-	350.441	96.490	142	96.632
X	DEFERRED TAX LIABILITY	(10)	-	-	-	-	-	-
XI.	LIABILITIES FROM PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
11.1	Held for Sale Purpose		-	-	-	-	-	-
11.2	Related to Discontinued Operations		-	-	-	-	-	-
XII.	SUBORDINATED DEBT INSTRUMENTS	(12)	1.341.500	1.314.363	2.655.863	312.489	768.037	1.080.526
12.1	Loans		1.341.500	1.314.363	2.655.863	312.489	768.037	1.080.526
12.2	Other Debt Instruments		-	-	-	-	-	-
XIII.	OTHER LIABILITIES	(13)	920.890	1.266.851	2.187.741	571.531	216.629	788.160
XIV.	SHAREHOLDERS' EQUITY	(14)	4.345.743	(24.008)	4.321.735	3.734.357	(84)	3.734.273
14.1	Paid-in capital		1.750.000	-	1.750.000	1.750.000	-	1.750.000
14.2	Capital Reserves		261.513	-	261.513	261.513	-	261.513
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserve		261.513	-	261.513	261.513	-	261.513
14.3	Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		(6.895)	-	(6.895)	(7.068)	-	(7.068)
14.4	Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		43.265	(24.008)	19.257	(9.259)	(84)	(9.343)
14.5	Profit Reserves		1.739.171	-	1.739.171	1.098.041	-	1.098.041
14.5.1	Legal Reserves		92.316	-	92.316	60.388	-	60.388
14.5.2	Status Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		1.600.788	-	1.600.788	991.586	-	991.586
14.5.4	Other Profit Reserves		46.067	-	46.067	46.067	-	46.067
14.6	Profit or (Loss)		558.689	-	558.689	641.130	-	641.130
14.6.1	Prior Period Profit/Loss		-	-	-	2.568	-	2.568
14.6.2	Current Period Profit/Loss		558.689	-	558.689	638.562	-	638.562
	TOTAL LIABILITIES		45.429.246	52.883.346	98.312.592	36.439.412	23.747.584	60.186.996

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

UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Note (V-III)	Thousands of Turkish lira					
			Current Period (31/12/2021)			Prior Period (31/12/2020)		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		10.306.712	24.268.204	34.574.916	9.924.766	13.934.400	23.859.166
I.	GUARANTEES AND WARRANTIES	(1)	8.271.172	21.332.293	29.603.465	6.839.282	9.076.488	15.915.770
1.1	Letters of Guarantee		8.236.824	13.823.025	22.059.849	6.691.971	5.882.397	12.574.368
1.1.1	Guarantees Subject to State Tender Law		361.062	6.175.690	6.536.752	190.927	1.696.645	1.887.572
1.1.2	Guarantees Given for Foreign Trade Operations		7.229.114	-	7.229.114	6.156.513	-	6.156.513
1.1.3	Other Letters of Guarantee		646.648	7.647.335	8.293.983	344.531	4.185.752	4.530.283
1.2	Bank Acceptances		-	33.018	33.018	-	7.687	7.687
1.2.1	Import Letter of Acceptance		-	33.018	33.018	-	7.687	7.687
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		20.348	5.053.199	5.073.547	40.077	1.340.566	1.380.643
1.3.1	Documentary Letters of Credit		20.348	5.053.199	5.073.547	40.077	1.340.566	1.380.643
1.3.2	Other Letters of Credit		-	-	-	-	-	-
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	Other Guarantees		14.000	2.419.706	2.433.706	98.155	1.841.367	1.939.522
1.7	Other Collaterals		-	3.345	3.345	9.079	4.471	13.550
II.	COMMITMENTS	(1)	1.386.946	313.520	1.700.466	564.143	97.454	661.597
2.1	Irrevocable Commitments		1.386.946	313.520	1.700.466	564.143	97.454	661.597
2.1.1	Forward asset purchase commitments		240.344	313.520	553.864	57.678	97.454	155.132
2.1.2	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3	Loan Granting Commitments		-	-	-	-	-	-
2.1.4	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.5	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6	Payment commitment for checks		448.457	-	448.457	268.625	-	268.625
2.1.7	Tax and Fund Liabilities from Export Commitments		22.637	-	22.637	16.428	-	16.428
2.1.8	Commitments for Credit Card Limits		141.095	-	141.095	48.071	-	48.071
2.1.9	Commitments for Credit Cards and Banking Services Promotions		265	-	265	1	-	1
2.1.10	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Other Irrevocable Commitments		534.148	-	534.148	173.340	-	173.340
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		648.594	2.622.391	3.270.985	2.521.341	4.760.458	7.281.799

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

UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Thousands of Turkish lira						
		Note (V-III)	Current Period (31/12/2021)			Prior Period (31/12/2020)		
			TL	FC	Total	TL	FC	Total
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Fair value hedge		-	-	-	-	-	-
3.1.2	Cash flow hedge		-	-	-	-	-	-
3.1.3	Foreign Net Investment Hedges		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		648.594	2.622.391	3.270.985	2.521.341	4.760.458	7.281.799
3.2.1	Forward Foreign Currency Buy/Sell Transactions		648.594	853.108	1.501.702	15.631	2.168.006	2.183.637
3.2.1.1	Forward Foreign Currency Transactions-Buy		39.918	673.050	712.968	14.299	1.068.995	1.083.294
3.2.1.2	Forward Foreign Currency Transactions-Sell		608.676	180.058	788.734	1.332	1.099.011	1.100.343
3.2.2	Other Forward Buy/Sell Transaction		-	1.769.283	1.769.283	2.505.710	2.592.452	5.098.162
3.3	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		70.066.806	20.237.127	90.303.933	49.071.158	9.620.414	58.691.572
IV.	ITEMS HELD IN CUSTODY		5.132.707	6.230.163	11.362.870	4.288.838	3.663.765	7.952.603
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		3.396.918	259.899	3.656.817	3.456.809	-	3.456.809
4.3	Checks Received for Collection		1.527.859	411.526	1.939.385	763.292	105.777	869.069
4.4	Commercial Notes Received for Collection		207.655	51.962	259.617	66.130	47.052	113.182
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		275	1.433.786	1.434.061	2.607	611.077	613.684
4.8	Custodians		-	4.072.990	4.072.990	-	2.899.859	2.899.859
V.	PLEDGES RECEIVED		64.934.099	14.006.964	78.941.063	44.782.320	5.956.649	50.738.969
5.1	Marketable Securities		2.974.670	64.324	3.038.994	4.625.008	81.855	4.706.863
5.2	Guarantee Notes		3.295.056	462.109	3.757.165	1.730.425	202.551	1.932.976
5.3	Commodity		2.903.233	2.154.017	5.057.250	2.190.421	803.351	2.993.772
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		44.854.726	8.584.587	53.439.313	30.944.489	3.734.417	34.678.906
5.6	Other Pledged Items		10.906.414	2.741.927	13.648.341	5.291.977	1.134.475	6.426.452
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		80.373.518	44.505.331	124.878.849	58.995.924	23.554.814	82.550.738

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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Note (V-IV)	Current Period 01/01-31/12/2021	Prior Period 01/01-31/12/2020
	INCOME/EXPENSE ITEMS			
I.	PROFIT SHARE INCOME	(1)	6.259.916	4.191.345
1.1	Profit Share on Loans		4.717.524	3.138.707
1.2	Profit Share on Reserve Deposits		160.424	24.005
1.3	Profit Share on Banks		3.070	23.995
1.4	Profit Share on Money Market Placements		-	-
1.5	Profit Share on Marketable Securities Portfolio		801.333	608.569
1.5.1	Financial Assets Measured at Fair Value Through Profit/Loss		21.628	7.457
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		685.240	560.652
1.5.3	Financial Assets Measured at Amortised Cost		94.465	40.460
1.6	Financial Lease Income		553.946	379.390
1.7	Other Profit Share Income		23.619	16.679
II.	PROFIT SHARE EXPENSE	(2)	4.745.377	2.122.807
2.1	Expense on Profit Sharing Accounts		3.234.156	1.508.897
2.2	Profit Share Expense on Funds Borrowed		906.244	526.209
2.3	Profit Share Expense on Money Market Borrowings		570.506	63.603
2.4	Expense on Securities Issued		-	-
2.5	Lease Profit Share Expense		30.475	23.849
2.6	Other Profit Share Expenses		3.996	249
III.	NET PROFIT SHARE INCOME (I - II)		1.514.539	2.068.538
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		147.334	92.541
4.1	Fees and Commissions Received		232.252	204.648
4.1.1	Non-cash Loans		156.942	111.337
4.1.2	Other		75.310	93.311
4.2	Fees and commissions paid		84.918	112.107
4.2.1	Non-cash Loans		-	-
4.2.2	Other		84.918	112.107
V.	DIVIDEND INCOME	(3)	-	104
VI.	NET TRADING INCOME	(4)	214.813	83.310
6.1	Capital Market Transaction Gains/Losses		1.026	176.540
6.2	Gains/Losses From Derivative Financial Instruments		(65.861)	(75.588)
6.3	Foreign Exchange Gains/Losses		279.648	(17.642)
VII.	OTHER OPERATING INCOME	(5)	551.638	268.144
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		2.428.524	2.512.637
IX.	EXPECTED CREDIT LOSSES (-)	(6)	958.562	994.213
X.	OTHER PROVISIONS (-)	(6)	30.041	173.855
XI.	PERSONNEL EXPENSES (-)		317.383	235.155
XII.	OTHER OPERATING EXPENSES (-)	(7)	392.167	316.932
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		730.171	792.482
XIV.	INCOME RESULTED FROM MERGERS		-	-
XV.	INCOME/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(9)	730.171	792.482
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)	(171.482)	(153.920)
18.1	Current Tax Provision		(373.740)	(201.535)
18.2	Expense Effect of Deferred Tax (+)		(78.530)	(35.731)
18.3	Income Effect of Deferred Tax (-)		280.788	83.346
XIX.	NETOPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)	(11)	558.689	638.562
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses from Other Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXIII.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Charge		-	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-
XXV.	NET PROFIT/LOSS (XVIII+XXIII)	(12)	558.689	638.562
	Earnings per share income/loss (Full TL)		0,3193	0,3649

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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Current Period	Prior Period
		01/01/2021-31/12/2021	01/01/202031/12/2020
I.	CURRENT PERIOD PROFIT/LOSS	558.689	638.562
II.	OTHER COMPREHENSIVE INCOME	28.773	(71.117)
2.1	Other Income/Expense Items not to be Reclassified to Profit or Loss	173	(4.703)
2.1.1	Revaluation Surplus on Tangible Assets	-	-
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	211	(5.738)
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(38)	1.035
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	28.600	(66.414)
2.2.1	Translation Differences	-	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	38.088	(85.243)
2.2.3	Gains/losses from Cash Flow Hedges	-	-
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(9.488)	18.829
III.	TOTAL COMPREHENSIVE INCOME (I+II)	587.462	567.445

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

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss						
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3
PRIOR PERIOD											
31 DECEMBER 2020											
I.	Prior Period End Balance	1.750.000	-	-	261.513	-	(2.365)	-			
II.	Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-			
2.1	Effects of Corrections	-	-	-	-	-	-	-			
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-			
III.	Adjusted Beginning Balance (I+II)	1.750.000	-	-	261.513	-	(2.365)	-			
IV.	Total Comprehensive Income	-	-	-	-	-	(4.703)	-			
V.	Capital Increase by Cash	-	-	-	-	-	-	-			
VI.	Capital Increase by Internal Sources	-	-	-	-	-	-	-			
VII.	Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-			
VIII.	Convertible Bonds to Shares	-	-	-	-	-	-	-			
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-			
X.	Increase/Decrease by Other Changes ^(*)	-	-	-	-	-	-	-			
XI.	Profit Distribution	-	-	-	-	-	-	-			
11.1	Dividends Paid	-	-	-	-	-	-	-			
11.2	Transfers to Reserves	-	-	-	-	-	-	-			
11.3	Other	-	-	-	-	-	-	-			
	Period End Balance (III+IV.....+X+XI)	1.750.000	-	-	261.513	-	(7.068)	-			
CURRENT PERIOD											
31 DECEMBER 2021											
I.	Prior Period End Balance	1.750.000	-	-	261.513	-	(7.068)	-			
II.	Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-			
2.1	Effect of Correction of Errors	-	-	-	-	-	-	-			
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-			
III.	Adjusted Beginning Balance (I+II)	1.750.000	-	-	261.513	-	(7.068)	-			
IV.	Total Comprehensive Income	-	-	-	-	-	173	-			
V.	Capital Increase by Cash	-	-	-	-	-	-	-			
VI.	Capital Increase by Internal Sources	-	-	-	-	-	-	-			
VII.	Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-			
VIII.	Convertible Bonds	-	-	-	-	-	-	-			
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-			
X.	Increase/decrease by other Changes	-	-	-	-	-	-	-			
XI.	Profit Distribution	-	-	-	-	-	-	-			
11.1	Dividends Paid	-	-	-	-	-	-	-			
11.2	Transfers to Reserves	-	-	-	-	-	-	-			
11.3	Other	-	-	-	-	-	-	-			
	Period end Balance (III+IV.....+X+XI)	1.750.000	-	-	261.513	-	(6.895)	-			

- Increases and decreases in Tangible and Intangible Assets Revaluation Reserve
- Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans,
- 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 Not Reclassified Through Profit or Loss)
- Exchange Differences on Translation
- Accumulated gains (losses) due to revaluation and/or reclassification of financial assets at fair value through other comprehensive income
- 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 Reclassified Through Profit or Loss)

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

Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss							
4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or Loss	Total Shareholders'Equity	
-	57.071	-	555.646	544.963	-	3.166.828	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	57.071	-	555.646	544.963	-	3.166.828	
-	(66.414)	-	-	-	638.562	567.445	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	542.395	(542.395)	-	-	
-	-	-	-	-	-	-	
-	-	-	542.395	(542.395)	-	-	
-	-	-	-	-	-	-	
-	(9.343)	-	1.098.041	2.568	638.562	3.734.273	
-	(9.343)	-	1.098.041	641.130	-	3.734.273	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	(9.343)	-	1.098.041	641.130	-	3.734.273	
-	28.600	-	-	-	558.689	587.462	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	641.130	(641.130)	-	-	
-	-	-	-	-	-	-	
-	-	-	638.562	(638.562)	-	-	
-	-	-	2.568	(2.568)	-	-	
-	19.257	-	1.739.171	-	558.689	4.321.735	

UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Current Period 01/01/2021-31/12/2021	Prior Period 01/01/2020 -31/12/2020
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities)	1.476.308	229.435
1.1.1	Profit Share Income Received	5.319.303	4.093.676
1.1.2	Profit Share Expense Paid	(3.939.158)	(2.010.679)
1.1.3	Dividend Received	-	104
1.1.4	Fees and Commissions Received	284.498	204.648
1.1.5	Other Income	295.913	351.453
1.1.6	Collections from Previously Written-off Loans	370.638	319.521
1.1.7	Payments to Personnel and Service Suppliers	(317.383)	(235.155)
1.1.8	Taxes Paid	(155.112)	(39.475)
1.1.9	Others	(382.391)	(2.454.658)
1.2	Changes in Operating Assets and Liabilities	4.324.294	3.705.826
1.2.1	Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss	(978.818)	(1.151.690)
1.2.2	Net (Increase)/Decrease in Due From Banks And Other Financial Institutions	(5.165.109)	(4.076.802)
1.2.3	Net (Increase)/Decrease in Loans	(20.025.767)	(12.314.753)
1.2.4	Net (Increase)/Decrease in Other Assets	(4.566.804)	(1.833.975)
1.2.5	Net Increase/(Decrease) in Bank Funds	1.278.436	6.633.581
1.2.6	Net Increase/(Decrease) in Other Funds	30.198.802	14.295.325
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	-	6.961
1.2.8	Net Increase/(Decrease) in Funds Borrowed	575.835	(583.987)
1.2.9	Net Increase/(Decrease) in Payables	-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	3.007.719	2.731.166
I.	Net Cash Provided from Banking Operations	5.800.602	3.935.261
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided from Investing Activities	(3.174.968)	(2.858.439)
2.1	Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries	-	-
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries	-	-
2.3	Purchases of Tangible Assets	(183.248)	(111.502)
2.4	Disposals of Tangible Assets	8.310	-
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(6.580.875)	(2.501.066)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	3.580.845	-
2.7	Purchase of Financial Assets Measured at Amortized Cost	-	(231.687)
2.8	Sale of Financial Assets Measured at Amortized Cost	-	-
2.9	Other	-	(14.184)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	540.401	834.253
3.1	Cash Obtained from Funds Borrowed And Securities Issued	12.700.000	12.680.837
3.2	Cash Used For Repayment of Funds Borrowed And Securities Issued	(12.102.495)	(11.724.855)
3.3	Issued Equity Instruments	-	42.943
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(57.104)	(164.672)
3.6	Other	-	-
IV.	Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents	207.266	1.456.262
V.	Net Increase/(Decrease) In Cash And Cash Equivalents (I+II+III+IV)	3.373.301	3.367.337
VI.	Cash And Cash Equivalents At The Beginning Of The Period	4.686.157	1.403.426
VII.	Cash And Cash Equivalents At The End Of The Period	8.059.458	4.770.763

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

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

		Current Period ⁽¹⁾ (31/12/2021)	Prior Period (31/12/2020)
I.	DISTRIBUTION OF PERIOD PROFIT		
1.1	Period Profit	730.171	792.482
1.2	Taxes Payable and Legal Obligations (-)	171.482	153.919
1.2.1	Corporate Tax (Income Tax)	373.740	153.919
1.2.2	Income Tax Deduction		-
1.2.3	Other Taxes and Legal Obligations	(202.258)	-
A.	NET PROFIT (1.1-1.2)	558.689	638.562
1.3	Previous Periods Loss (-)		-
1.4	First Order Legal Reserve (-)		31.928
1.5	Legal Funds Required to Leave and Save at the Bank (-)		-
B.	DISTRIBUTABLE NET PROFIT [(A- (1.3 + 1.4 + 1.5))]	558.689	606.634
1.6	First Dividend to Shareholders		-
1.6.1	To Shareholders		-
1.6.2	To Owners of Privileged Shares		-
1.6.3	Participation in Redeemed Certificates		-
1.6.4	To Profit Participation Bonds		-
1.6.5	To Profit and Loss Sharing Certificate Holders		-
1.7	Dividend to Personnel (-)		-
1.8	Dividend to Board of Directors (-)		-
1.9	Second Dividend to Shareholders (-)		-
1.9.1	To Shareholders		-
1.9.2	To Owners of Privileged Shares		-
1.9.3	Participation in Dividends		-
1.9.4	Profit Participation Bonds		-
1.9.5	Profit and Loss Sharing Certificate Holders		-
1.10	Second Legal Reserve Fund (-)		-
1.11	Statutory Reserves (-)		-
1.12	Extraordinary Reserves ⁽²⁾		609.202
1.13	Other Reserves		-
1.14	Special Funds		-
II.	DISTRIBUTION OF RESERVES		
2.1	Reserves Distributed		-
2.2	Second Order Legal Reserves (-)		-
2.3	Share to Shareholders (-)		-
2.3.1	Shareholders		-
2.3.2	To Privileged Stock Owners		-
2.3.3	Participation in Redeemable Certificates		-
2.3.4	To Profit Participation Bonds		-
2.3.5	To Profit and Loss Sharing Certificate Holders		-
2.4	Share to Personnel (-)		-
2.5	Share to the Board of Directors (-)		-
III.	EARNINGS PER SHARE		
3.1	Shareholders		0,3649
3.2	Shareholders (%)		36,4893
3.3	To Privileged Stock Owners		-
3.4	To Owners of Privileged Shares (%)		-
IV.	DIVIDEND PER SHARE		
4.1	Shareholders		-
4.2	Shareholders (%)		-
4.3	To Privileged Stock Owners		-
4.4	To Owners of Privileged Shares (%)		-

⁽¹⁾ Dividend distribution is realized with the decision of the General Assembly of the Bank, and as of the date the financial statements were prepared, the 2021 Ordinary General Assembly meeting has not been held yet.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

a. Financial statements and related explanations and preparation of footnotes in compliance with Turkish Accounting Standards (“TAS”) and “Regulation on Accounting Applications for Banks and Safeguarding of Documents”

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” (“Regulation”) related with Banking Law numbered 5411 published in the Official Gazette no. 26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency (“BRSA”) and circulars and interpretations published by BRSA (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards 34 (“TAS 34”) and Turkish Financial Reporting Standards (“TFRS”) and (referred as “Turkish Accounting and Financial Reporting Regulations” or “Reporting Standards”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The format and content of the publicly announced unconsolidated financial statements and their explanations and footnotes, with the “Communiqué on the Financial Statements to be Announced to Public by Banks” and the Announcements and Disclosures Related to These Communiqués published in the Official Gazette No. 28337 dated 28 June 2012. It has been prepared in accordance with. The Bank maintains its accounting records in Turkish currency in accordance with the Banking Law, Turkish Commercial Code and Turkish tax legislation.

Unless otherwise stated on the basis of historical cost, all balances are presented in thousands of Turkish lira (“TL”), except for the financial assets and liabilities shown at their fair values, on the basis of historical cost.

Preparation of financial statements requires making estimates and assumptions that affect the amounts of assets and liabilities reported or the contingent assets and liabilities disclosed as of the balance sheet date and the amounts of income and expenses reported in the relevant period. While these estimates are based on management’s best judgment and knowledge, actual results may differ from these estimates. The assumptions and estimates used are explained in the related footnotes.

In the first half of 2020, various social and economic measures have been taken in order to reduce this negative situation in our country, as in other countries where the COVID-19 epidemic, which has spread globally, has been effective, and measures continue to be implemented with partial changes. The effects of the COVID-19 outbreak on the Bank’s unconsolidated financial statements are regularly monitored by the risk monitoring units and the Bank’s Management. In this context, the expected credit loss provisions recognized in the unconsolidated financial statements, the assumptions and judgments used in the estimation of these losses, and the fair value measurements within the scope of TFRS 13 Fair Value Measurement have been reviewed.

While preparing its financial statements as of 31 December 2021, the Bank has reflected the possible effects of the COVID-19 outbreak in the estimations and judgments used in the preparation of the financial statements. The Bank revised its macroeconomic expectations quarterly and reflected the calculations made in the light of these data, taking into account the default probabilities and the change in loss in case of default, to the financial statements prepared as of 31 December 2021. Estimates and assumptions used in the calculation of expected credit losses are explained in Note VIII of Section Three.

Benchmark Interest Rate Reform - Phase 2, which brings amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective January 1, 2021 was published in December 2020. The Bank has borrowed loans indexed to benchmark interest rates in its unconsolidated financial statements, and the relevant reform is not expected to have a significant impact.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards. Accordingly, it has been stated that companies applying TFRS are not required to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

b. Explanation for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

II. EXPLANATIONS ON USAGE STRATEGY OF FINANCIAL ASSETS AND FOREIGN CURRENCY TRANSACTIONS

The Bank’s main field of activity; It covers banking services such as opening loans in all kinds of cash and non-cash Turkish Lira and foreign currency, conducting transactions in domestic and international money and capital markets, collecting Turkish Lira and foreign currency current/participation accounts. As of the reporting date, most of the Bank’s resources consist of funds collected, loans received and equity. The Bank uses this resource mainly as loans and lease certificates. The liquidity structure of the Bank is taken into account in such a way that all liabilities that are due to be met can be met.

Foreign currency transactions are reflected in the records based on the Bank’s foreign exchange buying rates at the date of the transaction. At the end of the period, the balances of foreign currency assets and liabilities have been converted into Turkish currency by being evaluated at the end of the period with the Bank’s foreign exchange buying rates, and the exchange rate differences are reflected in the records as “foreign exchange transactions profit/loss”.

The differences arising from the conversion of securities representing borrowing and monetary financial assets into Turkish Lira are included in the income statement. The Bank does not have any foreign currency differences.

In order to keep liquidity, exchange rate and credit risks within certain limits and to maximize profitability, the Bank’s Balance Sheet and Equity management is taken within the risk limits by the Asset and Liability Committee determined by the Board of Directors in order to maximize profitability.

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Based on the TAS 27 “Turkish Accounting Standard for Separate Financial Statements”, Turkish Lira denominated investments in associates and subsidiaries are accounted at cost value and are reflected to the unconsolidated financial statements after deducting the provision for impairment, if any. As of 22 January 2016, as a wholly owned subsidiary of the Bank, Ziraat Katılım Varlık Kiralama A.Ş. was established as a subsidiary. On 19 July 2017, the ZKB Varlık Kiralama A.Ş. was established with a capital of TL 50, which was fully paid by the Bank.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

The Bank’s derivative financial instruments consist of forward foreign currency buy/sell agreements.

Derivative financial instruments are initially recorded at their fair values. In the periods following the recording of derivative transactions; Depending on whether the fair value is positive or negative, the fair value difference of derivative financial assets is reflected to profit or loss or the fair value difference of derivative financial liabilities is reflected in the balance sheet. Differences in fair value as a result of the valuation are accounted for under profit/loss from derivative financial transactions and foreign exchange gain/loss in the commercial profit/loss item in the profit or loss statement.

The payables and receivables arising from derivative transactions are recorded in off-balance sheet accounts at their agreement amounts.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

V. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSE

Profit share incomes are recognized in accordance with internal rate of return method. The bank started to calculate rediscounts for non-performing loans as of 1 January 2018. And the Bank calculates expense accrual in accordance with the unit value calculation method on participation accounts and reflects these amounts in “Funds Collected” account on the balance sheet.

VI. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES

From commission income and expenses, banking, agency and brokerage services income and expenses are recognized as income/expense when they are collected or paid in accordance with TFRS 15 Revenue from Customer Contracts standard. Whereas, commission income from individual, corporate and entrepreneurial cash loans are recognized on an accrual basis by using internal rate of return method and transferred to the income statement in accordance with the matching principle.

Commissions and fees received from cash loans and relating to the future periods are recorded to the “Unearned Revenues” account under “Other Liabilities” on the balance sheet. Prepaid expense amounts are recognized as expense on an accrual basis during the service period.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial assets are recognized or derecognized according to TFRS 9 Financial Instruments part three “Recognition and Derecognition”. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than “Financial Assets at Fair Value Through Profit or Loss”, transaction costs are added to fair value or deducted from fair value. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments.

The Bank classifies its financial assets as “Fair Value Through Profit/Loss”, “Fair Value Through Other Comprehensive Income” or “Measured at Amortized Cost”. Financial instruments comprise financial assets and liabilities and derivative instruments. This classification is based on the contractual cash flow characteristics of the financial assets and related business model used for management of the financial assets at initial recognition. Financial assets basically constitute the commercial activities and operations of the Bank. These instruments have the feature of revealing, influencing and reducing the liquidity and credit risk in the financial statements.

Classification and Measurement Within the Scope of TFRS 9

In accordance with TFRS 9 Financial Instruments Standard, financial assets are measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss by;

“Business Model Assessment” and “Contractual Cash Properties Test” are performed to determine the classification of financial assets.

a. Financial assets at fair value through profit or loss:

Fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to “hold to collect” and “hold & sell” the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at the fair value through profit or loss are initially recognized at fair value. All gains and losses arising from these valuations are reflected in the profit or loss statement.

Among the financial assets whose fair value difference is reflected in profit or loss, lease certificates traded in BIST are valued at the weighted average clearing prices formed in BIST at the balance sheet date, and financial assets not traded in BIST are valued with the prices of the Central Bank of Turkey. Gains and losses resulting from the valuation are included in the profit/loss accounts.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

b. Financial assets at fair value through other comprehensive income

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

“Unrealized gains and losses” arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Accumulated other comprehensive income or expense to be reclassified through profit or loss” under shareholders’ equity.

Equity investments

At the time of initial recording, the Bank recognizes that the fair value of an investment in an equity instrument within the scope of TFRS 9 is not held for commercial purposes or is a contingent consideration recognized in the financial statements of the acquirer in a business combination to which TFRS 3, “Business Combinations” applies. An irrevocable choice may be made to include the changes in the other comprehensive income statement. The Bank makes the said choice separately for each financial instrument.

The relevant fair value differences recognized in the other comprehensive income statement cannot be transferred to profit or loss in the following periods, but are transferred to previous years’ profit/loss. Dividends from such investments, on the other hand, are recognized as profit or loss, unless they clearly represent a recovery of part of the cost of the investment. Equity instruments at fair value through other comprehensive income are not subject to impairment calculation.

c. Financial assets measured at amortized cost:

The financial asset is considered a financial asset measured at amortized cost if the financial asset is held within the scope of a business model that aims to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that only include the principal and dividend payments arising from the principal balance on certain dates are classified.

Financial assets measured at amortized cost are initially recorded by adding transaction costs to their acquisition costs, which reflect their fair values, and are then measured at “amortized cost” using the internal rate of return. Profit share income related to financial assets measured at amortized cost is reflected in the profit or loss statement.

The Bank’s securities portfolios, whose fair value difference is reflected in other comprehensive income and measured at amortized cost, include consumer price (“CPI”) indexed lease certificates. The valuation of the mentioned assets during the year is made according to the internal yield method, based on the index created by taking into account the real profit share rates, the treasury reference index and the estimated inflation rate. The actual dividend payment amounts of these securities, and the index values announced by the treasury are used in the purchase and sale transactions and year-end valuations.

The Bank also updates the estimated inflation rate used throughout the year in case of necessity. At the end of the year, the actual inflation rate is used.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

Loans

Loans are financial assets that are originated by the Bank by providing goods and services to the borrower. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the “Internal Rate of Return Method”.

Cash loans are accounted with their original balances in the accounts specified in Uniform Chart of Accounts and Prospectus according to their type, maturity and collateral structures. FC loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Bank. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Bank at usage date.

Repayments of these loans are collected as calculated TL value by the valid counter foreign exchange selling rate of Bank at installment date. Bank’s loans are recognized under “Measured at Amortized Cost” account.

As of 31 December 2021, all loans of the Bank, including its profit-loss partnership (müşareke) investments, are followed in the “Measured by Amortized Cost” account. The profit and loss partnership (müşareke) and labor capital partnership investments followed by the Bank in the loans account according to the BRSA Uniform Chart of Accounts, with the BRSA’s letter numbered E-43890421-010.07.01-1294, those that will be valued for the first time as of 31 December 2020 or from 1 January 2021 new implementation of “Interest-Free Finance Accounting Standard 3: Mudarebe Financing” or “Interest-Free Finance Accounting Standard 4: Müşareke Financing” for partnership financing funds in the form of “labor-capital partnership” (mudarebe) or “profit-loss partnership” (müşareke) accounted in accordance with the provision.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

The Bank sets aside the expected loss provision for its loans and receivables by taking into consideration the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” (Regulation on Provisions) published in the Official Gazette dated 22 June 2016 and numbered 29750. As of January 1, 2018, provision for impairment has been allocated in accordance with the provisions of TFRS 9. In this context, the Bank takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit losses known as loss provision or provision varies according to the degree of increase in credit risk. There are two measurements according to the general approach:

- 12-Month Expected Loss Provision (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.
- Lifetime Expected Loss (Stage 2 and Stage 3) is applied when there is a significant increase in credit risk.

The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and securities) and, in addition, financial lease receivables, contract assets, credit commitments and financial guarantee contracts.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of money,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

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These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Provision for 12 month expected credit loss (Stage 1)

These are the financial assets that do not have a significant increase in credit risk at their initial recognition or after the initial recognition to financial statements. Impairment for credit risk for these assets is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan.

The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

Significant increase in credit risk (Stage 2)

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. While 1-year expected credit loss is calculated for at stage 1, all remaining maturity expected credit loss is calculated for loans at stage 2.

The main criteria taken into account in determining the significant increase in the credit risk of the financial asset and its transfer to the 2nd stage; being watch list, the number of days of delay being 30 days or more (Based on the BRSA's Decision dated September 16, 2021 and numbered 9795, those with a delay between 30 and 90 days as of October 1, 2021 continue to be classified as the 1st stage) and the internal early warning system rating of the Bank.

Default (Stage 3)

Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recorded.

The Bank assesses that debt is in default in the following two cases:

- Objective Default Definition: Means the debt is overdue for more than 90 days. With the debt being overdue by 90 days, the default starts on the 91st day (according to the BRSA's Decision dated September 16, 2021 and numbered 9795, those with a delay between 90 and 180 days as of October 1, 2021 continue to be classified as the 2nd stage).
- Subjective Default Definition: It means that the bank is convinced the debt will not be paid. In the event that the debtor cannot fulfill the debts related to the loan, the debtor is considered to be in default regardless of the number of delay days.

The collective valuation of financial instruments is based on homogeneous group assets resulting from portfolio segmentation based on similar credit risk and product characteristics. This section presents an overview of the risk parameter estimation methods for the damage assessment approach that is expected on a common basis for each stage.

Credits that differ in cash flows or have different characteristics with other credits may be subject to individual valuation instead of aggregate valuation. An expected credit loss can be defined as the difference between all contractual cash flows that are outstanding under the contract and the original effective dividend and discounted cash flows.

When cash flows are estimated, the following situations are considered.

- During the expected life of the financial instrument, all contractual terms of the financial instrument,
- Cash flows expected to be obtained from collateral sales.

In the calculation of the expected credit loss, the basic parameters which are expressed as probability of default, loss in default and default amount are used.

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Probability of Default

Probability of default refers to the likelihood that a loan will default at a certain time. In Default Probability models, sectoral information for the corporate portfolio are taken as the basis.

Default Amount

The default amount represents the expected gross receivable if a loan is defaulted.

Loss Given Default

Loss given default refers to the ratio of the economic net loss resulting from the default of a loan to the default amount. In other words, it refers to the ratio of net loss due to a defaulted loan to the balance at the time of default.

Future Expectations

The effect of future expectations is included in the credit risk parameters used in the calculation of expected credit losses by using scenarios related to macroeconomic factors. When including macroeconomic information, models and estimations that reflect the relationships between model risk parameters and macroeconomic variables are taken into account. While creating the relevant models, the effects of many macroeconomic variables (Credit Default Swap (CDS), CPI, Unemployment rate, GDP, Industry Tracking Rates, Deposit Interest Turkey, etc.) are analyzed, among which variables that best reflect the default probabilities of our Bank’s customers are used.

The Bank uses 3 scenarios for forward-looking expectations: base, bad and good. All 3 scenarios have predetermined weights. The Bank applies macroeconomic variables to its models by updating them every 3 months in March, June, September and December, which is used in the evaluation of the significant increase in credit risk and in the calculation of expected credit loss. As of 31 December 2021, macroeconomic variables, which are taken as a basis in the calculation of expected credit losses and including the effect of COVID-19 are reflected in the models.

The Methodology of Behavioral Maturity Calculation

The loans in Stage 1, expected loss provision is calculated until their maturity for the ones which have less than one year to due date and for 1 year which have more than one year to due date. The loans in Stage 2, expected loss provision is calculated for lifetime (until maturity date) of the loan. In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, behavioral maturity is calculated by analysing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

Write-off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as “Group V Loan” (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. Since the reporting period, it can be written-off from the records under TFRS 9. The write-off is an accounting policy and does not result in the waiver of the right to receivable. Within the scope of this amendment, no credit has been written-off by the Bank as of the reporting date.

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IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has legally enforceable rights to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND LENDING OF SECURITIES

As of the balance sheet date, there are no securities lending transactions. Central Bank of the Republic of Turkey (“CBRT”) made some changes on orders for open market transactions (“OMT”) and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. The Bank performs purchase tenders which are held by CBRT of which maturities are weekly; in return for rent certificates that are reported as assets in balance sheet in order to raise funds. As of 31 December 2021, there are no securities lending transactions (31 December 2020: None). Securities sold under agreements for repurchase agreements (“Repos”) are classified as “Fair Value Through Profit or Loss”, “Fair Value Through Other Comprehensive Income” and “Financial Asset Measured at Amortized Cost” in the portfolio of the bank, according to the purposes of the Bank, and they are subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in “Money Markets Receivables” account and interest expense accruals for the period are calculated with the effective interest rate method.

Securities purchased with Resale commitment (“Reverse Repo”) are accounted in “Money Markets Receivables” on the balance sheet and interest income accruals for the period are calculated with the effective interest rate method.

XI. INFORMATION ON NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

The assets acquired by the Bank due to its receivables are accounted for in accordance with “IFRS 5 Turkish Financial Reporting Standard for Non-current Assets Held for Sale and Discontinued Operations” in financial statement of the Bank.

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, and depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. In order to have a high probability of sales, a plan for the sale of the asset (or group of assets to be disposed of) must have been prepared by an appropriate management team and an active program has been initiated to identify buyers and complete the plan. Various events or circumstances may extend the completion time of the sale transaction beyond one year. If the delay has occurred due to events or conditions beyond the control of the Bank and there is sufficient evidence that the Bank’s plan to sell the related asset (or the group of assets to be disposed of) is still in progress, the said assets continue to be classified as held for sale.

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The properties acquired by the Bank due to receivables are shown in the line of held for sale in the financial statements depending on the termination of the term sales contract.

A discontinued operation is a division of a business that is classified as disposed or held for sale. The results related to discontinuing operations are presented separately in the profit or loss statement. The Bank does not have any discontinued operations.

As of 31 December 2021, the Bank’s held for sale tangible assets is TL 307.881 (31 December 2020: TL 75.240).

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the balance sheet date, the Bank has no goodwill within the financial statements.

Other intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated depreciation and the provision for value decreases.

Other intangible assets are amortized using the straight line method based on their useful lives. Useful lives of other intangible assets are determined with assessments such as the expected life of the asset, technical, technological or other types of aging and the maintenance costs required to obtain the economic benefit expected from the asset. There is no change in the depreciation method applied in the current period.

The Bank recognizes its software costs incurred under the intangible assets - intangible rights account and the qualifying expenses are added to software’s initial costs and amortized over 3-15 years considering the useful life.

XIII. EXPLANATIONS ON TANGIBLE ASSETS

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and impairment loss, if any. Tangible fixed assets are amortized by using the straight-line method over their estimated useful lives. There is no change in the depreciation method applied in the current period.

Applied depreciation rates are as follows;

Vehicles and Fixtures:	2% - 25%
Operational Lease Improvement Costs (Leasehold Improvements):	Leasing Period - 5 years

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Ordinary maintenance and repair expenses incurred for tangible assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of property and equipment are capitalized. The investment expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs. Gains or losses emerging from the disposal of tangible assets are recognized in the profit or loss account as difference between net revenue of a related intangible asset and its net book value.

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Operational lease improvement costs (leasehold improvements) are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period.

There are no pledges, mortgages and other measures on tangible fixed assets, or commitments made for their purchase, or there is no restriction on the exercise of the right of disposition on them.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Operational Leasing Transactions

Transactions as a lessee

At the beginning of a contract, the Bank evaluates whether the contract has a lease or does not include a lease. In the event that the contract is transferred for a certain period of time to the right to control the use of the asset defined for a price, this contract is of a rental nature or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use;

The Bank applies the “IFRS 16 - Leases” standard in the accounting of leasing transactions.

In accordance with the “IFRS 16 - Leases” standard, the Bank calculates the “right of use” amount based on the present value of the lease payments of the fixed asset subject to lease at the beginning of the lease and includes it in “tangible fixed assets”.

The cost of the right-of-use asset includes the following:

- a) The initial measurement amount of the lease obligation,
- b) The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease,
- c) All initial direct costs incurred by the Bank

When applying the cost method, the existence the right of use:

- a) Measures by deducting accumulated depreciation and accumulated impairment losses and
- b) The restatement of the lease obligation at the restated cost.

The Bank applies principle of amortization in TAS 16 Property, Plant and Equipment while depreciating the right of use.

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Lease Liabilities

At the date of the effective leasing of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at the time. Lease payments are discounted using the imputed rate of interest in the lease if they can be easily determined. If this rate cannot be easily determined, the Bank uses the Bank’s alternative borrowing rate. Lease payments that are included in the measurement of the lease liability at the date the lease is commenced consist of the unpaid payments to be made for the right of use during the lease term of the underlying asset and the date on which the lease has actually begun.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increases the book value to reflect the rate of profit in the lease obligation,
- b) Reduces the book value to reflect the rent payments made and
- c) Re-assess the book value to reflect re-evaluations and reconstructions, or to reflect the lease payments that are fixed on the revised basis.

The profit for the lease obligation for each period in the lease term is the amount calculated by applying a fixed periodic rate of profit to the remaining balance of the lease obligation. The Participation Bank takes part as a lessor in leasing transactions. The Participation Bank indicates the assets subject to leasing as a receivable equal to the net lease investment amount in the balance sheet. The total of the lease payments is gross in the leasing receivables account including the dividends and principal amounts. The profit share, which is the difference between the total of the lease payments and the cost of the related fixed assets, is included in the unearned finance lease income account. As the lease payments are realized, the rent amount is deducted from the lease receivables account; the profit share is reflected in the statement of profit or loss by deducting from the unearned profit share income account.

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

Provisions other than the specific and general provisions set for loans and other receivables and provisory liabilities are accounted in accordance with TAS 37 “Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding”.

The Bank provides provision in case of an existing liability (legal or implicit) as a result of an incident that took place in the past, there is possibility of disposal of assets that bring economic benefit and the liability is measurable. When a reliable estimate of the amount of obligation cannot be made, it is considered that a “contingent” liability exists and it is disclosed in the related notes to the financial statements.

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

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

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

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XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment termination and vacation benefits

Liabilities related to severance pay and right to leave calculated according to the regulations of the TAS 19 “Accounting Standard of Employee Benefits” and the Bank’s liabilities related to future severance pay and right to leave calculated and reflected to the financial statements on the net present value.

According to the related regulation, the Bank is obliged to pay termination benefits depending on the arise of the legal conditions for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or (for the female employees) who have voluntarily quit within one year after the date of their marriage. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, Employment Termination Benefit Provision calculation is based on the final salary at the date of retirement or leave (to the extent that the payments and/or salary amount does not exceed the Employment Termination Benefit Provision ceiling). Employment Termination Benefit is calculated based on actuarial assumptions.

The Bank benefits from independent actuaries on determination of obligation and makes assumptions on discount rate, employee turnover rate, and future raise in salaries. As of 31 December 2021, the Bank’s employee termination benefit is TL 26.259 (31 December 2020: TL 18.984).

Communiqué on “Turkish Accounting Standard (“TAS19”) about Benefits for Employee (No: 9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (“POA”) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial loss amounting to TL 6.895 was classified under shareholders’ equity in the financials. (31 December 2020: TL 7.068 missing).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days. As of 31 December 2021 unused vacation liability of the Bank is TL 10.500 (31 December 2020: TL 7.250).

The Bank is not employing its personnel by means of limited-period contracts.

b. Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN)

Some of the Bank’s personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees’ Pension Fund (“Fund”) which was established by 20th provisional article of Social Security Law Act numbered 506. In accordance with 23rd provisional clause of the Banking Law numbered 5411, the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the Banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution (“SSI”) is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

With the publication of the reasoning of the decision, the Grand National Assembly of Turkey (“GNAT”) started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the “Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations” No 5754 (“the New Law”) regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

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According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9,80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

In accordance with 58th article and 7th provisional article of the Banking Law, restricting banks from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from 1 January 2008, has been delayed up to 5 years.

Based on the Council of Ministers’ decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years.

Besides, the phrase of “two years” in Clause (2), Article 1 of the temporary 20th provision of the law numbered 5510 is revised as “four years” with the law numbered 6283 amending on the Social Insurance and General Health Insurance Law, published in the Official Gazette numbered 28227, dated 8 March 2012.

Based on the Council of Ministers’ decree numbered 2014/6042 and issued in the Official Gazette numbered 28987 dated 30 April 2014, the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for one year.

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; “Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506.

As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

The technical balance sheet report as of 31 December 2021 which is prepared in accordance with the new law and the allowance determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank’s financial statements.

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XVII. EXPLANATIONS ON TAXATION

a. Current tax

Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205, effective from January 1, 2006, the corporate tax rate applied at the rate of 20% for corporate earnings, With the provision in Articles 11 and 14 of the “Law on the Procedure for the Collection of Public Receivables and the Law on Amendments to Certain Laws” published in the newspaper, starting from the declarations that must be submitted as of 1 July 2021 and the taxation period starting from 1 January 2021 it has been rearranged as 25% for the corporate earnings for the 2021 fiscal period and 23% for the 2022 fiscal period, to be valid for the corporate earnings. The rate applied in the first period temporary tax return for the 2021 accounting period earnings is 20%, and this rate is applied as 25% as of the second period temporary tax return. The corporate tax rate is applied to the tax base to be found as a result of the addition of non-deductible expenses to the commercial earnings of the companies, the exemption (such as participation income exemption) and deductions in the tax laws. No further tax is paid if the profit is not distributed.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations calculate advance tax quarterly on their financial profits at the corporate tax rate valid for that year and declare and pay until the 17th day of the second month following that period. Advance tax paid by corporations for the current period is offset 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 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 (It was changed with 89th article of code 7061 that entries into force in 5 December 2017. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%).

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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 tax loss.

Taxes which does not accrue on time because the applying exemption for the transfer of the expented 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, 75% of real estates, and 50% 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.

Tax returns are required to be filled and delivered to the related tax office until the end of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, including the provisional tax periods. Financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) and the provisional tax periods for the 2023 accounting period, regardless of whether the conditions for the repetitive inflation adjustment within the scope of Article 298 are met, it has been enacted that the 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years profit/loss account

b. Deferred tax

In accordance with TAS 12 “Turkish Accounting Standards Relating to Income Tax” and taking into account the additional regulation introduced by the Law No. 7316 of 22 April 2021, 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. In accordance with the relevant law, the Corporate Tax rate has been increased to 25% for the taxation period starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021, and this rate will be applied as 23% for the period of 2022. As of 31 December 2020, deferred tax is calculated over 20%.

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Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates. In the calculation of deferred tax, the Bank estimates the time when temporary differences will be taxable/deductible and uses enacted tax rates as of the balance sheet date in accordance with the current tax legislation. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are in effect or nearly effective as of

the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, the Bank has 31 As of December 2021, deferred tax calculations were made based on rates varying between 20% and 23% on assets and liabilities. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset realized and reflected in the statement of income as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity.

Calculated deferred tax assets and deferred tax liabilities are netted off in the unconsolidated financial statements.

The deferred tax effects of transactions accounted for directly in equity are also presented in equity.

As of 1 January 2018, deferred tax assets have been started to be calculated over the expected loss provisions that constitute temporary difference within the framework of TFRS 9 provisions. Deferred tax calculations are not made for free provisions.

XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS

The Bank recognizes its debt instruments in accordance with TFRS 9 “Financial Instruments” and all financial liabilities are carried at amortized cost by using effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings. There are no debt securities issued by the Bank. The Bank has issued borrowings as sukuk issuances, this through its subsidiary Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş., these sukuk issuances are provided to the qualified investors without being released through an IPO and the bank takes place during this operation as a fund user.

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XIX. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

As of the balance sheet date, the Parent Bank has not issued any shares.

XX. EXPLANATIONS ON ACCEPTANCES

Commitments regarding bill guarantees and acceptances of the Bank are presented in the “Off-Balance Sheet” commitments.

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

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

XXII. RELATED PARTIES

Within the scope of TAS 24 “Related Party Disclosures Standard”; shareholders with qualified shares, enterprises that have joint control power or significant influence over the enterprise, subsidiaries, affiliates, business partnerships in which the enterprise is a participant, and key management personnel of the enterprise or its parent company are considered as related parties. Transactions with related parties are shown in Section Five, Note VII.

XXIII. EXPLANATION ON CASH AND CASH EQUIVALENTS

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

For the purposes of the cash flow statement, “Cash” includes cash, effectives, gold, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and “Cash equivalents” include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXIV. EXPLANATION ON SEGMENT REPORTING

Information about operating segments which are determined in line with TFRS 8 “Turkish Accounting Standard about Operating Segments” together with organizational and internal reporting structure of the Bank, are disclosed in Note IX. of Section Four.

XXV. EXPLANATIONS ON OTHER MATTERS

None.

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY

Equity amount and capital adequacy standard ratio, within the framework of “Regulation on Banks’ Equity” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” and in addition to these, the following regulations of the BRSA;

- In the calculation of the amount subject to credit risk within the framework of the regulation dated 16 September 2021 and numbered 9795; when calculating the valued amounts in foreign currency, the simple arithmetic average of the Central Bank’s foreign exchange buying rates for the last 252 business days before the calculation date can be used.
- In case the net valuation differences of the securities held by banks in the “Securities at Fair Value through Other Comprehensive Income” portfolio within the framework of the regulation dated 21 December 2021 and numbered 9996 are negative, these differences may not be taken into account in the equity amount.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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The current period equity amount calculated as of 31 December 2021, taking into account the latest regulations, is 6.747.612 TL (31 December 2020: 4.704.364 TL), and the capital adequacy standard ratio is 14,02% (31 December 2020: 14,75%). The capital adequacy standard ratio of the Bank is above the minimum ratio determined by the relevant legislation.

Information related to the components of shareholders' equity:

	Current Period 31.12.2021	Prior Period 31.12.2020
Common Equity Tier 1 Capital		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.750.000	1.750.000
Share issue premiums	-	-
Reserves	1.739.171	1.098.041
Gains recognized in equity as per TAS	418.988	245.102
Profit	558.689	641.130
Current Period Profit	558.689	638.562
Prior Period Profit	-	2.568
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	4.466.848	3.734.273
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	139.776	-
Improvement costs for operating leasing	33.991	21.363
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	223.839	161.257
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 th clause of the 56 th Article of the Law	-	-
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	-	-
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 more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Current Period 31.12.2021	Prior Period 31.12.2020
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier I Capital	397.606	182.620
Total Common Equity Tier I Capital	4.069.242	3.551.653
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA ^(*)	1.150.435	706.370
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	1.150.435	706.370
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	5.219.677	4.258.023
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA ^(**)	1.300.000	300.000
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	229.704	149.669
Tier II Capital Before Deductions	1.529.704	449.669
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
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 (-)	-	-
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 (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	1.529.704	449.669
Total Capital (The sum of Tier I Capital and Tier II Capital)	6.749.381	4.707.692

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Current Period 31.12.2021	Prior Period 31.12.2020
Total of Original Capital and Supplementary Capital (Total Capital)		
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	1.770	3.328
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
TOTAL CAPITAL		
Total Capital	6.747.612	4.704.364
Total risk weighted amounts	48.142.064	31.904.109
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	8,45	11,13
Tier 1 Capital Adequacy Ratio	10,84	13,35
Capital Adequacy Ratio	14,02	14,75
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,50	2,50
a) Capital conservation buffer requirement	2,50	2,50
b) Bank specific counter-cyclical buffer requirement	0,00	0,00
c) Systemic significant bank buffer ratio	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	3,95	6,63
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of 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	-	-
Portion of the total of 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	-	-
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	229.704	149.669
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	229.704	149.669
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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Information of the borrowing instruments to be included in equity calculation

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated/consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 300 Million
Par value of instrument	TL 300 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	29 March 2019
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons/dividends⁽¹⁾	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	16,25%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In compliance with article number 8
Details of incompliance with article number 7 and 8 of “Own fund regulation”	-

⁽¹⁾ Profit share for participation banks.

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Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated/consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 500 Million
Par value of instrument	TL 500 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	16 April 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons/dividends^(*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	18,00%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In compliance with article number 8
Details of incompliance with article number 7 and 8 of “Own fund regulation”	-

^(*) Profit share for participation banks.

Ziraat Katılım Bankası A.Ş.

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Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated/consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 500 Million
Par value of instrument	TL 500 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	17 November 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons/dividends^(*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	17,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In compliance with article number 8
Details of incompliances with article number 7 and 8 of “Own fund regulation”	-

(*) Profit share for participation banks.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated/consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital stock
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 1.150 Million
Par value of instrument	TL 1.474 Million
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	24 April 2019
Perpetual or dated	Undated
Original maturity date	24 April 2019
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (Subject to BRSA permission.)
Subsequent call dates, if applicable	-
Coupons/dividends ^(*)	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or unconsolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other Equal-Level Liabilities without order of preference, and iii. Before all payments within the scope of Low-Level Liabilities.
In compliance with article number 7 and 8 of “Own fund regulation”	In compliance with article number 7.
Details of incompliances with article number 7 and 8 of “Own fund regulation”	In compliance with article number 7.

^(*) Profit share for participation banks.

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Required explanations for the reconciliation between table of equity components and balance sheet:

	Current Period 31.12.2021	Prior Period 31.12.2020
Balance sheet equity value	4.321.735	3.734.273
Equity value of balance sheet	(33.991)	(21.363)
Cost of development of operating lease	(223.839)	(161.257)
Goodwill and other intangible assets and related deferred tax liability	1.300.000	300.000
Debt instruments and premiums approved by BRSA	229.704	149.669
Tier II Capital	1.150.435	706.370
Debt instruments and premiums approved by BRSA - subordinated loans	(1.770)	(3.328)
Other values deducted from equity	5.338	-
Amount taken into consideration in the calculation of legal equity	6.747.612	4.704.364

II. EXPLANATIONS ON CREDIT RISK

Credit risk is the possibility of loss that the bank may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

The authority to allocate loans mainly belongs to the Board of Directors, and the limits of the loan customers are determined within the framework of the credit authorization limits of the Head Office Credit Committee and the Board of Directors pursuant to the authority given by the Board of Directors. Limits are allocated by evaluating many factors such as financial and non-financial data of loan customers, loan needs, sectoral and geographical characteristics.

In terms of credit risk, the debtor or group of debtors are subject to risk limitations. The debtor and group of debtors and the risk limitations of the sectors are monitored weekly within the scope of their risk appetite.

The limits for the loan portfolio are determined with the approval of the Board of Directors and revised when necessary. The determined limits are distributed by the relevant Head Office units, taking into account the existing portfolio structure, customer and loan potential, regional and sectoral characteristics, and the competence of the staff.

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After the limit is allocated to customers in the commercial portfolio, companies continue to be monitored, and changes in the financial structures and market relations of the companies with funds are monitored.

Documents to be obtained during limit allocation and fund utilization are clearly stated in the legislation, and whether the said documents are obtained in accordance with the legislation is controlled by the inspection units. The Bank considers the collateral important in terms of minimizing the risk and its liquidation. As a result of the credit policies and processes based on obtaining reliable and robust guarantees, the Bank is believed to significantly reduce the credit risk.

The Bank implements the internal rating procedures for the analysis of the credit worthiness of its Corporate/ Entrepreneurial loan customers as a decision support system in loan allocation.

The Bank makes provision in conformity with the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions”.

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries.

Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored.

The expected loss provision (third stage) is calculated for loans belonging to customers classified as non-performing loans in accordance with the the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions”, taking into account the guarantees received from the relevant customer.

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 46,10% and 56,80% respectively (31 December 2020: 42,10% and 52,51%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 55,17% and 67,56% respectively (31 December 2020: 52,50% and 65,79%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 41,77% ve 53,11% respectively (31 December 2020: 44,95% and 56,14%).

TFRS 9 expected loss provisions for the loans for the Stage 1 and Stage 2 are amounted TL 397.184 (31 December 2020: TL 364.383)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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The Profile of Important Risks of Important Regions

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and noncommercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Current Period								
31.12.2021								
Domestic	16.656.175	-	303.839	-	-	1.510.621	36.800.131	8.982.302
European Union Countries	-	-	-	-	-	308.509	-	703
OECD Countries ^(*)	-	-	-	-	-	736.779	283	-
Off-shore Banking Regions	-	-	-	-	-	-	198.913	-
USA, Canada	-	-	-	-	-	204.224	-	-
Other Countries	-	-	-	-	-	251.110	101.644	8
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ^(**)	-	-	-	-	-	-	-	-
Total	16.656.175	-	303.839	-	-	3.011.243	37.100.971	8.983.013

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

^(*) OECD Countries other than EU countries, USA and Canada.

^(**) Assets and liabilities that could not be distributed on a consistent basis.

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and noncommercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Prior Period								
31.12.2020								
Domestic	8.707.427	-	267.687	-	-	4.095.017	25.524.179	6.324.480
European Union Countries	-	-	-	-	-	855.147	549	6.786
OECD Countries ^(*)	-	-	-	-	-	13.521	-	75
Off-shore Banking Regions	-	-	-	-	-	160	-	-
USA, Canada	-	-	-	-	-	44.795	-	74
Other Countries	-	-	-	-	-	59.865	72.500	5.085
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ^(**)	-	-	-	-	-	-	-	-
Total	8.707.427	-	267.687	-	-	5.068.505	25.597.228	6.336.500

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

^(*) OECD Countries other than EU countries, USA and Canada.

^(**) Assets and liabilities that could not be distributed on a consistent basis.

	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Shortterm receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	Total
	6.424.970	257.585	13.994	-	-	-	-	1.250.969	72.200.586
	-	-	31	-	-	-	-	-	309.243
	-	-	-	-	-	-	-	-	737.062
	-	-	-	-	-	-	-	-	198.913
	-	-	63.692	-	-	-	-	-	204.224
	-	-	-	-	-	-	-	-	416.454
	-	-	-	-	-	-	-	100	100
	-	-	-	-	-	-	-	-	-
	6.424.970	257.585	77.717	-	-	-	-	1.251.069	74.066.582

	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Shortterm receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	Total
	4.366.671	258.567	-	-	-	-	-	584.743	50.128.771
	2.141	-	-	-	-	-	-	-	864.623
	6	-	-	-	-	-	-	-	13.602
	-	-	-	-	-	-	-	-	160
	82	-	-	-	-	-	-	-	44.951
	599	-	104.158	-	-	-	-	-	242.207
	-	-	-	-	-	-	-	100	100
	-	-	-	-	-	-	-	-	-
	4.369.499	258.567	104.158	-	-	-	-	584.843	51.294.414

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Risk Profile by Sectors or Counter parties

Current Period 31.12.2021 Sectors/Counter Parties	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and uncondi- tional receivables from regional or local govern- ments	Conditional and uncondi- tional receivables from administrative units and non- commercial enterprises	Conditional and uncondi- tional receivables from multilateral develop- ment banks	Conditional and uncondi- tional receivables from international organisations	Conditional and uncondi- tional receivables from banks and brokerage houses	Conditional and uncondi- tional corporate receivables	Conditional and uncondi- tional retail receivables
Agriculture	-	-	1	-	-	-	275.496	157.357
Farming and Stockbreeding	-	-	1	-	-	-	233.062	107.159
Forestry	-	-	-	-	-	-	16.123	42.755
Fishing	-	-	-	-	-	-	26.311	7.443
Manufacturing	-	-	264.623	-	-	-	19.876.548	3.043.074
Mining and Quarrying Production	-	-	-	-	-	-	651.795	47.732
Manufacturing Industry	-	-	110.642	-	-	-	16.947.803	2.906.060
Electric, Gas and Water	-	-	153.981	-	-	-	2.276.950	89.282
Construction	-	-	11	-	-	-	6.190.130	1.178.981
Services	16.656.175	-	39.204	-	-	3.011.243	10.505.849	3.160.795
Wholesale and Retail Trade	-	-	150	-	-	-	4.545.540	2.385.496
Hotel Food and Beverage Services	-	-	32	-	-	-	542.837	102.689
Transportation and Telecommunication	-	-	-	-	-	-	1.207.244	203.945
Financial Institutions	16.656.175	-	89	-	-	3.011.243	907.090	2.069
Real Estate and Leasing Services	-	-	14.547	-	-	-	2.724.031	347.904
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	40	-	-	-	42.869	28.769
Health and Social Services	-	-	24.346	-	-	-	536.238	89.923
Other	-	-	-	-	-	-	252.948	1.442.806
Total	16.656.175	-	303.839	-	-	3.011.243	37.100.971	8.983.013

Risk Classes												
Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisations positions	Short-term from banks, brokerage houses and corporatse	Investments similar to collective investment funds	Other receivables	TL	FC	Total		
31.012	866	-	-	-	-	-	-	382.265	82.467	464.732		
26.201	859	-	-	-	-	-	-	318.462	48.820	367.282		
2.465	7	-	-	-	-	-	-	57.283	4.067	61.350		
2.346	-	-	-	-	-	-	-	6.520	29.580	36.100		
1.044.607	62.238	-	-	-	-	-	-	9.260.751	15.030.339	24.291.090		
34.012	492	-	-	-	-	-	-	206.180	527.851	734.031		
984.553	61.660	-	-	-	-	-	-	8.429.735	12.580.983	21.010.718		
26.042	86	-	-	-	-	-	-	624.836	1.921.505	2.546.341		
977.025	56.910	-	-	-	-	-	-	5.250.839	3.152.218	8.403.057		
1.275.394	135.592	63.858	-	-	-	-	-	18.057.702	16.790.408	34.848.110		
684.572	120.425	51	-	-	-	-	-	5.676.336	2.059.898	7.736.234		
112.839	546	7	-	-	-	-	-	432.880	326.070	758.950		
26.092	9.578	-	-	-	-	-	-	354.828	1.092.031	1.446.859		
6.695	2	63.654	-	-	-	-	-	8.225.721	12.421.296	20.647.017		
368.928	4.126	35	-	-	-	-	-	2.844.699	614.872	3.459.571		
-	-	-	-	-	-	-	-	-	-	-		
57.362	915	-	-	-	-	-	-	114.554	15.401	129.955		
18.906	-	111	-	-	-	-	-	408.684	260.840	669.524		
3.096.932	1.979	13.859	-	-	-	-	-	1.251.069	4.670.600	1.388.993		
6.424.970	257.585	77.717	-	-	-	-	-	1.251.069	37.622.157	36.444.425		
										74.066.582		

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Prior Period 31.12.2020 Sectors/Counter Parties	Risk Classes							
	Conditional and uncondi- tional receivables from central governments or central banks	Conditional and uncondi- tional receivables from regional or local gover- nments	Conditional and uncondi- tional receivables from adminis- trative units and non- commercial enterprises	Conditional and uncondi- tional receivables from multilateral develop- ment banks	Conditional and uncondi- tional receivables from international organisations	Conditional and uncondi- tional receivables from banks and brokerage houses	Conditional and uncondi- tional corporate receivables	Conditional and uncondi- tional retail receivables
Agriculture	-	-	-	-	-	-	198.878	134.867
Farming and Stockbreeding	-	-	-	-	-	-	164.440	106.604
Forestry	-	-	-	-	-	-	10.168	19.379
Fishing	-	-	-	-	-	-	24.270	8.884
Manufacturing	-	-	232.935	-	-	-	12.589.802	2.142.431
Mining and Quarrying Production	-	-	-	-	-	-	390.530	23.871
Manufacturing Industry	-	-	232.935	-	-	-	11.410.574	2.085.729
Electric, Gas and Water	-	-	-	-	-	-	788.698	32.831
Construction	-	-	-	-	-	-	4.081.413	892.080
Services	8.707.427	-	34.752	-	-	5.068.505	8.238.272	2.582.413
Wholesale and Retail Trade	-	-	216	-	-	-	4.208.885	2.014.549
Hotel Food and Beverage Services	-	-	-	-	-	-	270.435	66.012
Transportation and Telecommunication	-	-	-	-	-	-	1.056.587	140.483
Financial Institutions	8.707.427	-	-	-	-	5.068.505	604.869	5.252
Real Estate and Leasing Services	-	-	20.836	-	-	-	1.696.450	263.628
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	48.585	19.292
Health and Social Services	-	-	13.700	-	-	-	352.461	73.197
Other	-	-	-	-	-	-	488.863	584.709
Total	8.707.427	-	267.687	-	-	5.068.505	25.597.228	6.336.500

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Risk Classes												
Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporatse	Investments similar to collective investment funds	Other receivables	TL	FC	Total		
19.600	986	-	-	-	-	-	-	258.757	95.574	354.331		
18.558	860	-	-	-	-	-	-	217.874	72.588	290.462		
1.042	126	-	-	-	-	-	-	29.664	1.051	30.715		
-	-	-	-	-	-	-	-	11.219	21.935	33.154		
432.093	88.841	-	-	-	-	-	-	7.461.418	8.024.684	15.486.102		
38.652	1.226	-	-	-	-	-	-	250.483	203.796	454.279		
369.386	87.443	-	-	-	-	-	-	6.857.675	7.328.392	14.186.067		
24.055	172	-	-	-	-	-	-	353.260	492.496	845.756		
577.461	107.024	-	-	-	-	-	-	4.193.742	1.464.236	5.657.978		
908.330	61.320	104.158	-	-	-	-	-	12.534.325	13.170.852	25.705.177		
557.651	53.714	-	-	-	-	-	-	5.448.425	1.386.590	6.835.015		
40.872	435	-	-	-	-	-	-	184.589	193.165	377.754		
21.772	1.012	-	-	-	-	-	-	286.709	933.145	1.219.854		
11.100	-	104.158	-	-	-	-	-	4.464.022	10.037.289	14.501.311		
211.819	4.441	-	-	-	-	-	-	1.795.336	401.838	2.197.174		
-	-	-	-	-	-	-	-	-	-	-		
52.394	1.717	-	-	-	-	-	-	100.566	21.422	121.988		
12.722	1	-	-	-	-	-	-	254.678	197.403	452.081		
2.432.016	395	-	-	-	-	-	584.843	3.137.322	953.504	4.090.826		
4.369.500	258.566	104.158	-	-	-	-	584.843	27.585.564	23.708.850	51.294.414		

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Analysis of maturity-bearing exposures according to remaining maturities

Current Period (31.12.2021)	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	8.899.329	1.226.798	28.463	508.003	5.993.582
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	39.525	33	142	155.059	109.080
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	2.800.637	181.281	10.233	13.650	5.442
Conditional and unconditional exposures to corporates	1.535.508	2.598.258	5.982.023	6.065.324	20.919.858
Conditional and unconditional retail exposures	206.877	536.057	887.531	1.375.218	5.977.330
Conditional and unconditional exposures secured by real estate property	35.542	211.487	218.071	350.360	5.609.510
Past due receivables	257.585	-	-	-	-
Receivables defined in high risk category by BRSA	63.830	26	-	-	13.861
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	1.251.069	-	-	-	-
Grand Total	15.089.902	4.753.940	7.126.463	8.467.614	38.628.663

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Prior Period (31.12.2020)	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	3.347.758	165.173	157.858	725.478	4.311.160
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	20.047	158.642	20.955	68.043
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	4.870.053	181.554	11.422	-	5.476
Conditional and unconditional exposures to corporates	1.043.046	1.604.856	1.118.030	2.293.553	19.537.743
Conditional and unconditional retail exposures	359.541	166.441	257.891	515.412	5.037.215
Conditional and unconditional exposures secured by real estate property	21.354	49.906	66.697	259.680	3.971.863
Past due receivables	258.566	-	-	-	-
Receivables defined in high risk category by BRSA	104.158	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	584.843	-	-	-	-
Grand Total	10.589.319	2.187.977	1.770.540	3.815.078	32.931.500

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

For the foreign banks, the ratings of the Fitch Ratings International Rating Agency is used for determining the risk weights for the risk classes by using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counter parties residing domestically are accepted as “Gradeless” and take the risk weight which is appropriate for the “Gradeless” category in the related risk class.

Rating grades;

1. Receivables from Central Governments or Central Banks
2. Receivables from Regional Governments or Local Governments
3. Receivables from Administrative Units and Non-Commercial Enterprises
4. Receivables from Banks and Intermediary Institutions are used in risk classes.

Ziraat Katılım Bankası A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

In the risk classes of Receivables from Central Governments or Central Banks, Receivables from Regional Governments or Local Governments, and Receivables from Administrative Units and Non-Commercial Initiatives, the grade given by Fitch Ratings International Rating Agency corresponds to the credit quality level 3, while the grades used in the Credit from Banks and Intermediary Institutions risk class match with all credit quality levels from 1 to 6.

In order to determine the risk weight of regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer’s credit rating is considered in the absence of export rating.

Exposures by risk weights:

Current Period												
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
1 Exposures before Credit Risk Mitigation	20.207.158	-	2.863.858	3.438.597	3.440.949	8.978.381	38.089.263	78.047	-	-	-	257.830
2 Exposures after Credit Risk Mitigation	23.470.227	-	3.612.076	3.438.597	3.977.651	7.046.629	35.473.026	78.047	-	-	-	257.830

Prepared with the numbers after conversion rate to credit.

Prior Period												
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
1 Exposures before Credit Risk Mitigation	11.202.029	-	5.288.936	2.650.350	2.001.044	6.336.500	26.206.349	104.501	-	-	-	182.620
2 Exposures after Credit Risk Mitigation	15.629.854	-	5.779.142	2.650.350	2.501.787	3.633.282	23.490.793	104.501	-	-	-	182.620

Prepared with the numbers after conversion rate to credit.

Information in terms of major sectors and type of counter parties

Impaired Loans; These are loans that are overdue for more than 90 days as of the end of the reporting period or are deemed to be impaired due to their credibility. For these loans, “Expected Credit Loss” (Third Stage) calculation is made within the scope of TFRS 9.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

Non-Performing Loans; Loans that are overdue up to 90 days as of the end of the reporting period, but are not impaired. For these loans, “Expected Credit Loss” (Second Stage) calculation is made within the scope of TFRS 9.

	Loans		Provisions
	Impaired (TFRS 9)		2 nd and 3 rd Stage Loan Provisions
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
Current Period 31.12.2021			
Agriculture	17.796	26.015	21.555
Farming and Stockbreeding	14.784	19.738	17.214
Forestry	3.012	5.822	3.922
Fishery	-	455	419
Manufacturing	657.238	563.405	537.580
Mining and Quarrying	132.450	13.290	34.405
Production	524.788	545.626	499.178
Electricity, Gas and Water	-	4.489	3.997
Construction	871.192	548.207	479.480
Services	701.955	555.593	462.575
Wholesale and Retail Trade	248.013	467.435	380.130
Accommodation and Dining	14.427	2.561	6.658
Transportation and Telecom.	26.012	44.495	32.946
Financial Institutions	124.897	5.146	4.531
Real Estate and Rental Services	192.190	23.503	26.596
Professional Services	342	174	97
Educational Services	5.781	125	160
Health and Social Services	90.293	12.154	11.457
Other	49.427	5.756	5.491
Total	2.297.608	1.698.976	1.506.681

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Loans		Provisions
	Impaired (TFRS 9)		2 nd and 3 rd Stage Loan Provisions
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
Prior Period 31.12.2020			
Agriculture	13.807	18.201	16.964
Farming and Stockbreeding	13.807	13.518	13.489
Forestry	-	3.815	2.760
Fishery	-	868	715
Manufacturing	685.651	497.187	416.676
Mining and Quarrying	107.655	15.971	35.716
Production	577.996	475.769	377.024
Electricity, Gas and Water	-	5.447	3.936
Construction	212.835	404.887	268.168
Services	834.792	256.344	318.380
Wholesale and Retail Trade	702.366	185.849	253.685
Accommodation and Dining	9.615	2.782	1.933
Transportation and Telecom.	12.656	29.489	28.207
Financial Institutions	4.719	-	50
Real Estate and Rental Services	58.429	30.441	24.888
Professional Services	632	502	268
Educational Services	3.714	52	128
Health and Social Services	42.661	7.229	9.221
Other	4.619	4.439	4.720
Total	1.751.704	1.181.058	1.024.908

Information about Value Adjustment and Change in Provisions:

Current Period ^(*) 31.12.2021		Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Provisions	788.843	636.218	(87.349)	-	1.337.712
2	Stage 1 and 2 Provisions	364.383	256.117	(223.316)	-	397.184
Prior Period ^(*) 31.12.2020		Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Provisions	467.773	434.862	(113.792)	-	788.843
2	Stage 1 and 2 Provisions	106.073	307.281	(48.971)	-	364.383

(*) Provisions for expected losses allocated for financial lease receivables are included.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

The table below shows the maximum credit sensitivity of the financial statement items.

	Current Period 31.12.2021	Prior Period 31.12.2020
Financial Assets at Fair Value Through Profit/Loss	1.795.316	980.872
Banks	3.350.140	4.799.768
Money Markets Receivables	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.579.158	5.145.732
Financial Assets Measured at Amortised Cost	1.327.957	779.437
Loans Given	56.853.656	38.223.417
Financial lease receivables	9.546.264	5.136.219
Other Assets	16.860.101	7.038.543
Credit risk sensitivity of balance sheet items	98.312.592	62.103.988
Guarantees and Sureties	29.603.465	15.915.770
Commitments	1.146.602	661.597
Credit risk sensitivity of off-balance sheet items	30.750.067	16.577.367
Total credit risk sensitivity	129.062.659	78.681.355

Information on credit quality by financial asset class:

	Current Period			Prior Period		
	Not Overdue and Not Impaired	Overdue and Not Impaired	Total	Not Overdue and Not Impaired	Overdue and Not Impaired	Total
Financial Assests						
Banks	3.350.140	-	3.350.140	4.799.768	-	4.799.768
Financial Assets at Fair Value Through Profit/Loss	1.795.316	-	1.795.316	980.872	-	980.872
Loans Given:	64.138.232	2.297.608	66.435.840	40.426.874	1.751.704	42.178.578
Corporate/Entrepreneurial Loans	58.791.156	2.248.184	61.039.340	35.935.620	1.745.593	37.681.213
Personal Loans	5.347.076	49.424	5.396.500	4.491.254	6.111	4.497.365
Specialized Loans	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.589.570	-	8.589.570	5.145.732	-	5.145.732
Financial Assets Measured at Amortised Cost	1.327.957	-	1.327.957	779.437	-	779.437

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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III. RISKS INCLUDED CAPITAL CAPACITY BUFFER CALCULATIONS

According to the Board decision published by the BRSA, the transactions between banks are not included in the Cyclical Capital Buffer rate calculation. In this context, as of December 31, 2021, the cyclical capital buffer ratio, which is calculated as a result of the Bank’s receivables from abroad, other than Banks, is 0%. The geographical distribution of receivables from the private sector, which is taken into account in the calculation of the cyclical capital buffer specific to the bank, is explained in the table below:

Current Period 31.12.2021			
Country	Banking accounts RWA	Trading accounts RWA	Total
Marshall Island	143.164	-	143.164
United Arab Emirates	92.340	-	92.340
Saudi Arabia	1.861	-	1.861
England	283	-	283
Germany	57	-	57
Jordan	38	-	38
Somalia	25	-	25
Egypt	1	-	1
Holland	1	-	1

Prior Period 31.12.2020			
Country	Banking accounts RWA	Trading accounts RWA	Total
United Arab Emirates	56.903	-	56.903
Germany	5.256	-	5.256
Saudi Arabia	1.568	-	1.568
England	712	-	712
Egypt	373	-	373
Bulgaria	152	-	152
Northern Cyprus Turkish Republic	100	-	100
France	85	-	85
USA	84	-	84
Senegal	75	-	75
Somalia	69	-	69
Switzerland	56	-	56
Jordan	40	-	40
Norway	2	-	2
Mauritania	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

IV. EXPLANATIONS ON CURRENCY RISK

a) Whether the Bank is exposed to foreign currency risk, whether the effects of this matter are estimated, whether limits for the daily followed positions are determined by the Board of Directors

The Bank’s policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Bank is not exposed to significant currency risks. In addition to monitoring the currency risk through the currency risk table created within the scope of the standard method, the “Value at Risk” (“VAR”) is calculated for the purpose of monitoring the foreign currency position at the Bank.

Moreover, dealer’s positions and limits for foreign exchange transactions are under the authorization of the Board of Directors.

b) Hedge against foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if material:

None.

c) Foreign currency risk policy:

Periodic “Liquidity Gap Analysis” is performed to determine the liquidity risks in the most important foreign currencies in which the Bank operates, the US Dollar and Euro. Also, daily VAR analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders’ Equity Ratio and Foreign Currency Liquidity Position are also monitored regularly.

d) Current foreign exchange bid rates of the Bank for the last 5 business days prior to the financial statement date:

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
31.12.2021	12,9950	14,7400	9,3871	1,9721	1,4250	14,1877	10,1357	1,4639	17,5625	3,4349	11,1800
30.12.2021	12,9291	14,6498	9,3485	1,9605	1,4237	14,1220	10,0133	1,4613	17,4657	3,4175	11,1210
29.12.2021	12,4830	14,1655	9,0011	1,8959	1,3746	13,6168	9,6467	1,4126	16,8243	3,2991	10,7690
28.12.2021	11,7016	13,2284	8,4342	1,7703	1,2841	12,7227	9,0513	1,3224	15,7349	3,0919	10,0880
27.12.2021	11,2286	12,7196	8,0743	1,7021	1,2259	12,2071	8,6753	1,2620	15,0764	2,9672	9,6880
24.12.2021	11,3500	12,8514	8,1582	1,7197	1,2364	12,3217	8,7663	1,2764	15,2111	2,9996	9,8240

e) Simple arithmetic average of the Bank’s current foreign exchange bid rates for the last 30 days prior to the balance sheet date:

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
	13,5260	15,2897	9,6293	2,0460	1,4799	14,6615	10,4666	1,4986	17,9932	3,5771	11,7700

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information on the foreign currency risk of the Bank

	EUR	USD	Other FC ^(***)	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Turkey	4.122.307	6.317.891	1.784.280	12.224.478
Banks	490.489	1.464.457	1.385.547	3.340.493
Financial assets at fair value through profit and loss ^(****)	-	-	1.795.316	1.795.316
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	221.737	3.548.021	-	3.769.758
Loans ^(*)	15.220.383	14.751.480	-	29.971.863
Partnership Investments	-	-	-	-
Financial assets measured at amortised cost	1.327.957	-	-	1.327.957
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	-	874	874
Intangible assets	-	-	-	-
Other assets	35.376	5.515	24.228	65.119
Total assets	21.418.249	26.087.364	4.990.245	52.495.858
Liabilities				
Current account and funds collected from Banks via participation accounts	13.334	1.393	158	14.885
Current and profit sharing accounts FC	16.992.415	26.184.191	5.027.650	48.204.256
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	1.196.718	491.333	-	1.688.051
Marketable securities issued	1.314.363	-	-	1.314.363
Miscellaneous Payables	736.097	490.967	1.206	1.228.270
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities ^(****)	323.342	127.550	6.637	457.529
Total liabilities	20.576.269	27.295.434	5.035.651	52.907.354
Net balance sheet position	841.980	(1.208.070)	(49.509)	(415.599)
Net off-balance sheet position ^(**)	(858.141)	1.188.203	158.937	488.999
Financial derivative assets	979	1.374.457	180.259	1.555.695
Financial derivative liabilities	859.120	186.254	21.322	1.066.696
Net position	(16.161)	(19.867)	109.428	73.400
Non cash loans	10.787.955	9.938.002	606.336	21.332.293
Prior Period				
Total assets	10.223.142	12.567.310	3.308.730	26.099.182
Total liabilities	9.283.270	11.228.570	3.235.828	23.747.668
Net balance sheet position	939.872	1.338.740	72.902	2.351.514
Net off-balance sheet position	(1.089.668)	(1.414.557)	(227)	(2.504.452)
Financial derivative assets	-	1.068.995	59.008	1.128.003
Financial derivative liabilities	1.089.668	2.483.552	59.235	3.632.455
Net position	(149.796)	(75.817)	72.675	(152.938)
Non-cash loans	5.489.608	3.480.241	106.639	9.076.488

^(*) Foreign currency indexed loans amounting to TL 234.136, which are displayed as TL in the unconsolidated financial statements, are shown with the relevant foreign currency code. Includes receivables from lease transactions.

^(**) Shows net receivables and debts from derivative financial instruments.

^(***) The currencies in the other FC column of the assets section consist of 91% Gold, 2% GBP, and the remaining 7% other currencies. The currencies in the FC column of liabilities section consist of 93% Gold, 2% GBP, and the remaining 5% other currencies.

^(****) Provisions, lease liabilities and subordinated loans are included.

^(*****) Includes subordinated loan balance.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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V. EQUITY SHARE POSITION RISK ON BANKING ACCOUNTS

Carrying value of share investments, for fair value and quoted securities, comparison with market value if market value is significantly different from fair value:

The breakdown of the amount of capital liabilities on the basis of the relevant share investments, depending on the method of calculating the capital obligation selected by the bank from among the approaches allowed to be used in the Communiqué on Credit Risk Standard Method or Communiqué Related to Calculation of Credit Risk Based Approach Based on Internal Grading:

According to the standard method of credit risk, equity investments in banking accounts are TL 10.412 all of which are 100% risk weighted (31 December 2020: TL 10.412).

VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

General principles of liquidity and financial emergency situation management and the related application procedures are considered in the scope of “Regulation for Liquidity Risk and Liquidity and Financial Emergency Situation Management”.

Generally participation accounts concentration weighted for 1 month in both banking and participation banking sectors, collecting funds are longer than maturity perceived as an element of risk, in order to reduce the risk, attention showed to the liquidity of maturity group which is due for one month.

The Bank performs Remaining Maturity Analysis for the observation of the maturity structure of the balance sheet, Liquidity Gap Analysis for the monitoring of the liquidity and between periods and Liquidity Stress Test for the evaluation of the Bank’s liquidity and in the worst case scenario and the loss associated with it. The main subject of the liquidity stress test is “Sudden Participation Fund Draws” and “Exchange Rate Changes”. Besides, in order to compare the Bank’s level of liquidity risk with the sector, average remaining maturity balances of Bank-Sector and legal liquidity rates are monitored.

The Bank calculates and reports the liquidity adequacy ratio to BRSA on weekly unconsolidated basis in accordance with “Regulation for Regulation on Banks’ Liquidity Coverage Ratio Calculation” issued in Official Gazette numbered 28948 and dated 21 March 2014. The liquidity coverage of the Bank is over the limit values specified in the mentioned regulation.

Also on the purpose of the liquidity risk management, risk limits and threshold determined as a part of risk appetite and daily monitored.

1) LIQUIDITY RISK:

a) Basis for the current liquidity risk of the Bank and whether the necessary measures taken, limitations imposed by the Bank’s Board of Directors on fund sources that can be used in payment of matured debts and can meet the immediate liquidity need:

The Banks fund resources consist of mainly participation funds. The bank is gathering funds in the name of participation accounts that the principal and predetermined yield are not guaranteed to paid back to the holder of account, and participation rates to profit or loss that results from funds to be operated are reflected to the related accounts. For this reason, the assets and liabilities of the Bank are compatible with the dividend rates.

The bank, TL and FC liquidity meets its needs mostly from the funds collected, internal and external sources that can be used in an emergencies in order to meet the liquidity requirements are monitored periodically, borrowing limits of the markets organized by the Bank and other banks, liquidity levels that can be met. The Bank manages liquidity risk within the regulations of Liquidity Risk and Liquidity and Financial Emergency Management.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

b) Payments, whether assets and liabilities are compatible with the rate of profit, whether the measurement of the probable effects of the actual inconsistency on profitability is done or not:

Payments, assets and liabilities and profit rates are monitored regularly by the management to track whether it is compatible or not and there is no dissonance whatsoever.

c) The banks internal and external sources to meet the short and long-term liquidity needs, unused significant liquidity sources:

Although Bank’s assets average maturity is longer than collected funds, most of the securities, available for sale and held to maturity, make periodic coupon payment which is no longer than six months and monthly credit receivables payments provide cash flow to the Bank.

d) Evaluation of the banks cash flow rates and its sources:

The banks main source is the participation funds, these funds are evaluated at other participation banks and loan placements. The banks most important cash inflows are receivables from banks and financial institutions and regular cash inflows from these institutions are seen as a factor that reduce the liquidity risk. Also monthly installment payments for loans are used to meet the Bank’s resource needs.

2) LIQUIDITY COVERAGE RATIO

Liquidity coverage ratio, established in order to hold and provide premium liquidity asset stock which is adequately fulfill the Bank’s net cash outflow, calculated within the scope of “Calculation of The Liquidity Coverage Ratio” regulation that was published by BRSA. Liquidity coverage ratio directly affected by Bank’s asset, liability and potential cash inflow and outflow which is derived from off-balance sheet transactions with the level of liquid assets that can be realizable at any time and not mentioned to any collaterals.

Bank’s premium liquidity asset stock; consists of debt securities which is not subjected to any collateral or repurchase agreement transaction and basically export from the Republic of Turkey’s Treasury along with cash assets and care of Central Bank of the Republic of Turkey’s accounts.

Bank’s principal funding source represented by participation funds. Repurchase agreement transaction provided by funds and debts which comes from financial institutions take a part within the external participation fund debt items.

Managing liquidity risk effectively can be possible with preventing the concentrated liquidity asset and liability items. Participation fund, constitutes Bank’s main fund source, is provided from numerous customers.

The lowest and highest Liquidity Coverage Ratios in the fourth quarter of 2021 are listed in the table below.

Current Period	Highest	Date	Lowest	Date
TL+FC	179,34	04.12.2021	118,22	28.11.2021
FC	318,18	07.10.2021	171,58	26.12.2021

Derivative transactions are included in calculation of the liquidity coverage ratio over the cash flows within the 30 day basis time slots.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Current Period 31.12.2021	Consideration Ratio Not Applied Total Value ^(*)		Consideration Ratio Applied Total Value ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High quality liquid assets	-	-	17.594.152	13.543.501
CASH OUTFLOWS				
Real person deposits and retail deposits	26.004.269	17.680.042	2.647.321	1.872.238
Stable deposit	3.221.765	-	161.088	-
Deposit with low stability	22.782.504	17.680.042	2.486.233	1.872.238
Unsecured debts except real person deposits and retail deposits	25.036.847	13.724.284	13.254.580	6.667.792
Operational deposit	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured debts	25.036.847	13.724.284	13.254.580	6.667.792
Secured debts	-	-	-	-
Other cash outflows	27.916.380	18.602.344	2.599.251	2.008.355
Derivative liabilities and margin obligations	1.726.582	923.811	1.051.655	923.811
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	715.848	845.134	273.898	242.874
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	25.473.950	16.833.399	1.273.698	841.670
TOTAL CASH OUTFLOWS	-	-	18.501.152	10.548.385
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	7.163.737	4.336.075	5.147.453	3.726.860
Other cash inflows	1.130.684	883.069	1.130.684	883.069
TOTAL CASH INFLOWS	8.294.421	5.219.144	6.278.137	4.609.929
			Applied maximum rate values	
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	17.594.152	13.543.501
TOTAL NET CASH OUTFLOWS	-	-	12.223.016	5.938.456
LIQUIDITY COVERAGE RATIO (%)	-	-	144	228

^(*) The weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Consideration Ratio Not Applied Total Value ^(*)		Consideration Ratio Applied Total Value ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS	4.906.883	3.146.170	4.906.883	3.146.170
High quality liquid assets	-	-	10.264.831	6.800.303
CASH OUTFLOWS				
Real person deposits and retail deposits	18.045.333	11.702.096	1.848.015	1.255.054
Stable deposit	2.553.057	-	127.653	-
Deposit with low stability	15.492.276	11.702.096	1.720.362	1.255.054
Unsecured debts except real person deposits and retail deposits	22.978.598	8.224.931	13.838.433	3.631.821
Operational deposit	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured debts	22.978.598	8.224.931	13.838.433	3.631.821
Secured debts	-	-	-	-
Other cash outflows	17.605.327	10.384.977	1.991.485	1.566.757
Derivative liabilities and margin obligations	1.599.722	1.013.755	1.078.820	1.013.755
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	331.042	426.882	128.937	105.785
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	15.674.563	8.944.340	783.728	447.217
TOTAL CASH OUTFLOWS	-	-	17.677.933	6.453.632
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	5.893.623	4.030.512	4.636.918	3.650.757
Other cash inflows	1.130.147	921.105	1.130.147	921.105
TOTAL CASH INFLOWS	7.023.770	4.951.617	5.767.065	4.571.862
			Applied maximum rate values	
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	10.264.831	6.800.303
TOTAL NET CASH OUTFLOWS	-	-	11.910.869	1.881.770
LIQUIDITY COVERAGE RATIO (%)	-	-	86	361

(*) The weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Presentation of assets and liabilities according to their 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	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	5.808.237	9.481.258	-	-	-	-	-	15.289.495
Banks	2.249.735	1.100.117	-	-	-	-	-	3.349.852
Financial Assets at Fair Value Through Profit and Loss	-	-	612.426	-	1.182.890	-	-	1.795.316
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	124.305	1.656.451	1.050.402	5.705.679	42.321	10.412	8.589.570
Loans Given (***)	-	324.624	4.138.241	14.441.355	35.307.502	11.826.934	361.264	66.399.920
Financial Assets Measured at Amortised Cost	-	-	-	-	1.327.957	-	-	1.327.957
Other Assets	-	-	-	-	-	-	1.560.482	1.560.482
Total Assets(*)	8.057.972	11.030.304	6.407.118	15.491.757	43.524.028	11.869.255	1.932.158	98.312.592
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	4.148.811	522.614	-	-	-	-	-	4.671.425
Current and Participation Accounts	17.456.758	32.284.538	20.244.406	3.177.442	99.328	-	-	73.262.472
Funds Provided from Other Financial Instruments	-	1.834.140	2.687.688	1.143.511	499.506	-	-	6.164.845
Money Market Borrowings	-	3.784.645	-	-	-	-	-	3.784.645
Issued Marketable Securities (**)	-	-	-	-	2.655.863	-	-	2.655.863
Miscellaneous Payables	-	-	-	-	-	-	1.431.779	1.431.779
Other Liabilities	-	-	-	-	-	-	6.341.563	6.341.563
Total Liabilities	21.605.569	38.425.937	22.932.094	4.320.953	3.254.697	-	7.773.342	98.312.592
Liquidity Gap	(13.547.597)	(27.395.633)	(16.524.97)	11.170.804	40.269.331	11.869.255	(5.841.184)	-
Net Off-Balance Sheet Position	-	(3.836)	(84.902)	8.979	-	-	-	(79.759)
Receivables From Derivative Financial Instruments	-	813.655	746.424	35.534	-	-	-	1.595.613
Financial Derivative Liabilities	-	817.491	831.326	26.555	-	-	-	1.675.372
Non-Cash Loans	3.768.083	1.938.193	3.436.270	14.190.205	5.433.522	837.192	-	29.603.465

(*) The expected loss provisions for financial assets and other assets are reflected in the related accounts.

(**) From the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities and that do not have the opportunity to turn into cash in a short time, such as securities representing the share in the capital and fixed assets, subsidiaries, subsidiaries, jointly controlled partnerships, stocks, prepaid expenses and net NPLs. accounts; among the liability accounts that make up the balance sheet, other liability accounts such as non-debt provisions and total equity are shown in this column.

(***) The total of subordinated debt instruments is shown in this column.

(****) Includes receivables from lease transactions.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Prior Period 31.12.2020								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	640.288	4.833.974	-	-	-	-	-	5.474.262
Banks	4.043.012	756.674	-	-	-	-	-	4.799.686
Financial Assets at Fair Value Through Profit and Loss	-	3.006	90.527	527.039	360.300	-	-	980.872
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	28.342	649.154	911.323	3.546.501	-	10.412	5.145.732
Loans Given (**)	-	1.292.151	2.642.589	7.672.789	22.264.432	7.942.234	392.215	42.206.410
Financial Assets Measured at Amortised Cost	-	-	-	-	779.437	-	-	779.437
Other Assets	-	-	-	-	-	-	800.597	800.597
Total Assets^(*)	4.683.300	6.914.147	3.382.270	9.111.151	26.950.670	7.942.234	1.203.224	60.186.996
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	4.554.961	-	6.934	-	-	-	-	4.561.895
Current and Participation Accounts	7.445.284	25.764.602	6.452.479	2.113.970	47.920	-	-	41.824.255
Funds Provided from Other Financial Instruments	-	1.011.848	2.748.151	1.112.478	533.382	38.005	-	5.443.864
Money Market Borrowings	-	2.101.073	-	-	-	-	-	2.101.073
Issued Marketable Securities (***)	-	-	-	-	1.080.526	-	-	1.080.526
Miscellaneous Payables	-	-	-	-	-	-	322.946	322.946
Other Liabilities	-	-	-	-	-	-	4.852.437	4.852.437
Total Liabilities	12.000.245	28.877.523	9.207.564	3.226.448	1.661.828	38.005	5.175.383	60.186.996
Liquidity Gap	(7.316.945)	(21.963.376)	(5.825.294)	5.884.703	25.288.842	7.904.229	(3.972.159)	-
Net Off-Balance Sheet Position	-	28.293	(14.906)	838	-	-	-	14.225
Receivables From Derivative Financial Instruments	-	3.090.778	548.603	8.631	-	-	-	3.648.012
Financial Derivative Liabilities	-	3.062.485	563.509	7.793	-	-	-	3.633.787
Non-Cash Loans	2.405.872	691.439	1.632.493	6.099.552	4.733.595	352.819	-	15.915.770

(*) The expected loss provisions for financial assets and other assets are reflected in the related accounts.

(**) From the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities and that do not have the opportunity to turn into cash in a short time, such as securities representing the share in the capital and fixed assets, subsidiaries, subsidiaries, jointly controlled partnerships, stocks, prepaid expenses and net NPLs. accounts; among the liability accounts that make up the balance sheet, other liability accounts such as non-debt provisions and total equity are shown in this column.

(***) The total of subordinated debt instruments is shown in this column.

(***) Includes receivables from lease transactions.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Presentation of liabilities according to their remaining maturities

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Current Period						
Banks special current account and participation accounts	4.671.425	-	-	-	-	4.671.425
Other special current account and participation accounts	49.741.296	20.244.406	3.177.442	99.328	-	73.262.472
Funds borrowed from other financial institutions	1.834.140	2.687.688	1.143.511	499.506	-	6.164.845
Funds borrowed from Interbank money market	3.784.645	-	-	-	-	3.784.645
Total	60.031.506	22.932.094	4.320.953	598.834	-	87.883.387
Prior Period						
Banks special current account and participation accounts	4.554.961	6.934	-	-	-	4.561.895
Other special current account and participation accounts	33.209.886	6.452.479	2.113.970	47.920	-	41.824.255
Funds borrowed from other financial institutions	1.011.848	2.748.151	1.112.478	533.382	38.005	5.443.864
Funds borrowed from Interbank money market	2.101.073	-	-	-	-	2.101.073
Total	40.877.768	9.207.564	3.226.448	581.302	38.005	53.931.087

VII. EXPLANATIONS ON LEVERAGE RATIO

As of 31 December 2021, the leverage ratio of the Bank calculated from the average of three months is 4,25% (31 December 2020: 5,65%). The relevant ratio is above the minimum rate specified by the Regulation on Measurement and Assessment of Leverage Level of Banks. The reason for the change between the current period and the previous period's leverage ratio is that the average total risk increase rate is higher than the increase in average capital. The regulation stipulated the minimum leverage ratio as 3%.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

Leverage ratio disclosure as follows:

	Current Period ^(*) 31.12.2021	Prior Period ^(*) 31.12.2020
Balance sheet assets		
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	88.393.575	58.662.672
(Assets deducted from main capital)	(390.397)	(176.435)
Total risk amount of the balance sheet assets	88.003.178	58.486.237
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	7.765	22.027
Potential credit risk amount of derivative financial instruments and credit derivatives	12.518	21.256
Total risk amount of derivative financial instruments and credit derivative	20.283	43.283
Security or secured financing transactions		
Risk amount of security or secured financing transactions (Except balance sheet)	572.242	145.965
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	572.242	145.965
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions	28.932.751	16.834.815
(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
Risk amount of the off-balance sheet transactions	28.932.751	16.834.815
Equity and total risk		
Main capital	4.966.673	4.267.519
Total risk amount	117.528.454	75.501.605
Leverage ratio		
Leverage ratio %	4,25	5,65

^(*) Three month average of the amounts in the table are taken into account.

VIII. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

IX. EXPLANATIONS ON RISK MANAGEMENT

Notes and explanations in this section have been prepared in accordance with the “Communiqué On Disclosures About Risk Management to be Announced To Public By Banks” that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for the calculation of capital adequacy by the Bank, tables that need to be prepared within the scope of Internal Ratings Based (“IRB”) have not been presented.

Within the scope of risk management, there are many risks that affect our bank’s financial performance significantly. These risks include the risk of credit risk, market risk, operational risk, liquidity risk and profit share ratio arising from banking accounts. Risk management strategy is based on the mission and vision of bank and is aimed to respond to customers’ financial needs in the most appropriate way and to support their financial success. In this context, business practices and our working model support prudent risk management practices.

Internal bank risk appetite has been established and is periodically shared with top management in order to follow the specified risks. In addition, detailed risk management reports, including stress tests and scenario analyzes, where all risks are analyzed in detail, are reported to the Audit Committee.

Scenarios such as sudden changes in the curriculum, changes in country grades, changes in the loan portfolio are taken into account in the stress tests conducted.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

The capital adequacy ratio is followed up by the simulation method on a daily basis although it is followed up within the monthly period which is the legal submission period. The liquidity coverage ratio of the bank is monitored daily by the risk management and is shared with the top management of the bank and the treasury unit.

In order to create a common risk culture in our bank, our bank employees are given risk management training and strategically important units have detailed explanations about the importance of risk management. Risk management policies and procedures, banking regulations based on significant risks, are available to all employees working in our bank.

The Bank is developing a system for risk measurement methods. In the present case, standard methods are generally used in the calculations and preparations are made for advanced methods with the growth of our bank. All risk processes are closely monitored.

1. Explanations on Risk Management and Risk Weighted Assets

Overview of Risk Weighted Assets

		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 counter party credit risk)	44.767.671	29.650.711	3.581.414
2	Standardized approach	44.767.671	29.650.711	3.581.414
3	Internal rating-based approach	-	-	-
4	Counter party credit risk	42.244	131.015	3.380
5	Standardized approach for counter party credit risk	42.244	131.015	3.380
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies - look-through approach	-	-	-
9	Investments made in collective investment companies - mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB supervisory formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	Market risk	343.323	290.659	27.466
17	Standardized approach	343.323	290.659	27.466
18	Internal model approaches	-	-	-
19	Operational risk	2.988.826	1.831.724	239.106
20	Basic indicator approach	2.988.826	1.831.724	239.106
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	48.142.064	31.904.109	3.851.366

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2 Connections Between Financial Statements and the Risk Amounts

a) Differences between accounting consolidation and legal consolidation and matching of the subject

Current Period 31.12.2021	Valued amount according to TAS within legal consolidation ^(*)	Subject to credit risk framework	Carrying values of items		Not subject to capital requirements or subject to deduction from capital
			Subject to counter party credit risk framework	Subject to the market risk framework	
Assets					
Cash and Balances at Central Bank	15.289.207	15.289.207	-	12.224.478	-
Derivative Financial Assets	19.756	-	19.756	-	-
Financial Assets Measured At Fair Value To Profit Or Loss	1.795.316	-	1.795.316	-	-
Banks	3.350.140	3.350.140	-	3.340.493	-
Receivables From Money Markets	-	-	-	-	-
Financial Assets Measured At Fair Value To Other Comprehensive Income	8.589.570	8.589.570	2.986.187	3.769.758	-
Loans and Receivable	56.853.656	56.853.654	-	24.281.583	-
Factoring Receivable	-	-	-	-	-
Financial Assets Measured At Amortised Cost	1.327.957	1.327.957	-	1.327.957	-
Investments in Associates (Net)	-	-	-	-	-
Investments in Subsidiaries (Net)	100	100	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-
Receivables form Leasing Transactions	9.546.264	9.546.264	-	5.456.144	-
Derivative Financial Assets for Hedging Purposes	-	-	-	6.992	-
Tangible Assets (Net)	301.919	301.919	-	874	33.991
Inangible Assets (Net)	223.839	-	-	-	223.839
Investment Properties (Net)	-	-	-	-	-
Tax Asset	301.329	301.329	-	-	-
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	307.881	307.881	-	-	-
Other Assets	405.658	405.658	-	58.127	-
Total Assests	98.312.592	96.273.679	4.801.259	50.466.406	257.830
Liabilities					
Deposits	77.933.897	-	-	48.219.141	-
Derivative Financial Liabilities	71.692	-	-	1.039	-
Funds Borrowed	6.164.845	-	-	1.688.051	-
Money Markets	3.784.645	-	2.498.503	-	-
Securities Issued (Net)	-	-	-	-	-
Funds	-	-	-	-	-
Other Liabilities	2.187.741	-	-	1.266.851	-
Factoring Liabilities	-	-	-	-	-
Leasing Liabilities	194.463	-	-	10	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Provisions	647.270	-	-	417.899	-
Tax Liability	350.441	-	-	-	-
Non-Currents Liabilities Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-
Subordinated Debt Instruments	2.655.863	-	-	1.314.363	-
Equity	4.321.735	-	-	(24.008)	-
Total Liabilities	98.312.592	-	2.498.503	52.883.346	-

(*) It represents the Bank's unconsolidated financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Differences between accounting consolidation and legal consolidation and matching of the subject

Prior Period 31.12.2020	Carrying values of items				Not subject to capital requirements or subject to deduction from capital
	Valued amount according to TAS within legal consolidation ⁽¹⁾	Subject to credit risk framework	Subject to counter party credit risk framework	Subject to the market risk framework	
Assets					
Cash and Balances at Central Bank	5.477.120	5.477.120	-	5.067.541	-
Derivative Financial Assets	28.253	-	28.253	-	-
Financial Assets Measured At Fair Value To Profit Or Loss	980.872	-	980.872	-	-
Banks	4.799.768	4.799.768	-	4.787.374	-
Receivables From Money Markets	-	-	-	-	-
Financial Assets Measured At Fair Value To Other Comprehensive Income	5.142.792	5.142.792	2.235.531	1.378.365	-
Loans and Receivable	37.070.191	37.070.191	-	10.466.219	-
Factoring Receivable	-	-	-	-	-
Financial Assets Measured At Amortised Cost	779.437	779.437	-	779.437	-
Investments In Associates (Net)	-	-	-	-	-
Investments In Subsidiaries (Net)	100	100	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-
Receivables Form Leasing Transactions	5.136.219	5.136.219	-	2.284.842	-
Derivative Financial Assets for Hedging Purposes	-	-	-	9	-
Tangible Assets (Net)	177.964	177.964	-	363	21.363
Inangible Assets (Net)	161.257	-	-	-	161.257
Investment Properties (Net)	-	-	-	-	-
Tax Asset	108.597	108.597	-	-	-
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	75.240	75.240	-	-	-
Other Assets	249.186	249.186	-	35.458	-
Total Assests	60.186.996	59.016.614	3.244.656	24.799.608	182.620
Liabilities					
Deposits	46.386.150	-	-	21.483.588	-
Derivative Financial Liabilities	19.440	-	-	19.440	-
Funds Borrowed	5.443.864	-	-	1.046.528	-
Money Markets	2.101.073	-	2.079.285	-	-
Securities Issued (Net)	-	-	-	-	-
Funds	-	-	-	-	-
Other Liabilities	788.160	-	-	216.629	-
Factoring Liabilities	-	-	-	-	-
Leasing Liabilities	127.634	-	-	15.688	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Provisions	409.244	-	-	197.616	-
Tax Liability	96.632	-	-	142	-
Non-Currents Liabilities Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-
Subordinated Debt Instruments	1.080.526	-	-	768.037	-
Equity	3.734.273	-	-	(84)	-
Total Liabilities	60.186.996	-	2.079.285	23.747.584	-

⁽¹⁾ It represents the Bank's unconsolidated financial statements

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

c) The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

		Subject to credit risk framework	Securitization position	Subject to counter party credit risk framework	Subject to the market risk framework
Current Period 31.12.2021	Total				
Asset carrying value amount under scope of regulatory consolidation	98.312.592	96.273.679	-	4.801.259	50.466.406
Liabilities carrying value amount under regulatory scope of consolidation	3.784.645	-	-	2.498.503	-
Total net amount under regulatory scope of consolidation	94.527.947	96.273.679	-	2.302.756	50.466.406
Differences in valuations	34.574.913	30.750.064	-	3.824.849	-
Valuation Differences	-	-	-	-	-
Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	-	-	-	-	-
Amount of risk	129.102.860	127.023.745	-	6.127.605	50.466.406
Prior Period 31.12.2020	Total				
Asset carrying value amount under scope of regulatory consolidation	60.186.996	59.016.614	-	3.244.656	24.799.608
Liabilities carrying value amount under regulatory scope of consolidation	2.101.073	-	-	2.079.285	-
Total net amount under regulatory scope of consolidation	58.085.923	59.016.614	-	1.165.371	24.799.608
Differences in valuations	23.859.166	16.422.235	-	7.436.931	-
Valuation Differences	-	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	-	-	-	-	-
Amount of risk	81.945.089	75.438.849	-	8.602.302	24.799.608

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3. Credit Risk Disclosures

3.1) General information on credit risk

a) General qualitative information on credit risk

Effective management of credit risk is one of the important elements of a comprehensive approach to risk management. Corporate, retail and SME loans, financial lease receivables, other elements of bank assets and non-cash transactions, which are provided in connection with the activities of our bank, constitute the basis of the items that constitute credit risk. It is important to take into account the risk appetite of our bank in the activities carried out in this direction, in terms of effective credit risk management.

Credit risk limits; It has been designed in accordance with the risk levels the Bank may take, its activities, the size and complexity of its products and services, and was determined by taking the opinions and suggestions of the General Manager, the Audit Committee and the relevant Senior Managers. Limits are regularly reviewed and monitored periodically, adapted according to changes in market conditions, Bank strategy and risk appetite. In addition to taking into account our legal requirements while creating credit risk policies, our current credit performance was reviewed and a policy was created in line with the Bank's strategies and objectives.

Credit risk calculations are made carefully and meticulously and controls are carried out in accordance with the legislation. Currently, calculations are made with the standard method, and infrastructure studies are ongoing for the use of advanced methods. Credit risk calculations and applied methods are also monitored by internal control and audit units, and legal requirements are taken into account at every stage.

Detailed reports including the credit risk exposure and its relations with other risks are periodically shared with the Board of Directors and Senior Managers, and the credit risk is effectively monitored by the risk management unit.

b) Credit quality of assets

Current Period 31.12.2021		Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
1	Loans ^(*)	1.698.976	66.435.840	1.734.896	66.399.920
2	Debt securities	-	11.834.479	121.631	11.712.848
3	Off-balance sheet exposures	-	30.750.064	29.168	30.720.896
4	Total	1.698.976	109.020.383	1.885.695	108.833.664

^(*) Financial lease amounting to TL 9.546.264 is included in the table.

Prior Period 31.12.2020		Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
1	Loans ^(*)	1.181.058	42.178.578	1.153.226	42.206.410
2	Debt securities	-	7.058.197	162.568	6.895.629
3	Off-balance sheet exposures	-	16.577.367	26.708	16.550.659
4	Total	1.181.058	65.814.142	1.342.502	65.652.698

^(*) Financial lease amounting to TL 5.136.219 is included in the table.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

c) Changes on defaulted loans and debt securities

Current Period		
1	Defaulted loans and debt securities at end of the previous reporting period	1.181.058
2	Loans and debt securities that have defaulted since the last reporting period	931.114
3	Returned to non-defaulted status	42.558
4	Amounts written off	-
5	Other changes	(370.638)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions	1.698.976
Prior Period		
1	Defaulted loans and debt securities at end of the previous reporting period	947.102
2	Loans and debt securities that have defaulted since the last reporting period	132.910
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes *	101.046
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions	1.181.058

* A total of 101.046 TL receivables, which are monitored in the TOA accounts, with full provision, amounting to TL 89.382 and TL 11.664, respectively, were excluded from the unconsolidated and consolidated financial statements based on the transfer agreements of the receivables dated 1 December 2020 and 29 December 2020, respectively.

d) Additional explanations on credit quality of assets

i. Differences between definitions and explanations of “deferred” receivables and receivables for which “provision was allocated”, and definitions of “deferred” and “provision of allocation”, if any

The Bank classifies its credits and other receivables and allocates expected loss provisions pursuant to the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions” published in the Official Gazette no. 29750 dated 22 June 2016. The term “Deferred Receivables” is used for credits named “Loans under Close Monitoring” whose maturity is deferred for up to 90 days as of the end of period without any impairments as well as for credits named “Non-Performing Loans” whose maturity is deferred for more than 90 days or subject to impairment. In practice, the Bank sets expected credit loss provisions for the stage 1 and stage 2 for credits classified as “Standard Credits” and “Under Close Monitoring” and expected loss provisions for the loans for the stage 3 for credits classified as “Non-Performing Loans”.

ii. The portion that is not considered within the scope of “allocation of provision” among deferred receivables (over 90 days) and reasons for this practice

The Bank automatically transfers the loans over 90 days past due to the follow-up accounts in accordance with the provisions of the Regulation on Provisions and allocates the provision for the relevant class.

iii. Definitions of methods used for determining provision amount

The Bank sets expected loss provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 29750 and dated 22 June 2016 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

iv. Definitions of restructured receivable

Real/legal persons using credit may, from time to time, face usual risks of business life such as failure to include the excessive cost increases in sales prices, loss of market share and turnover, unexpected expenses, problems in collection of receivables due to some factors that are beyond reasonable control of its own businesses or other businesses worked with. They may therefore have temporary liquidity difficulties. It involves setting new loan repayment maturities in line with cash flows for businesses which have no significant problem in credit worthiness and sustain their income-generating activities but fail, or priorly imply failure, to make their loan repayment in a timely manner due to temporary liquidity problems.

v. Breakdown of receivables according to geographical regions, sector and remaining maturity, amount of receivables provided on the basis of geographical regions and sector, related provisions and amount written off from assets.

	Credits		
	Impaired (IFRS 9)		Expected Credit Loss Provisions
Current Period 31.12.2021	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Domestic	2.297.608	1.698.976	1.734.896
European Union Countries	-	-	-
USA, Canada	-	-	-
OECD Countries	-	-	-
Off-Shore Banking Regions	-	-	-
Other Countries	-	-	-
Total	2.297.608	1.698.976	1.734.896

	Credits		
	Impaired (IFRS 9)		Expected Credit Loss Provisions
Prior Period 31.12.2020	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Domestic	1.751.704	1.181.058	1.153.226
European Union Countries	-	-	-
USA, Canada	-	-	-
OECD Countries	-	-	-
Off-Shore Banking Regions	-	-	-
Other Countries	-	-	-
Total	1.751.704	1.181.058	1.153.226

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Current Period 31.12.2021	Loans	Non Performing Loans	Expected Loss Provisions	Total
Agriculture	1.032.686	26.015	24.374	1.034.344
Farming and Stockbreeding	642.556	19.738	18.767	643.527
Forestry	341.853	5.822	5.032	342.665
Fishing	48.277	455	575	48.152
Manufacturing	32.521.815	563.405	655.867	32.432.920
Mining and Quarrying	4.366.038	13.290	49.172	4.333.669
Production	26.444.061	545.626	594.411	26.395.333
Electric, Gas and Water	1.711.716	4.489	12.284	1.703.918
Construction	11.154.607	548.207	524.486	11.178.323
Services	16.322.248	555.593	519.657	16.356.922
Wholesale and Retail Trade	11.315.483	467.435	417.620	11.365.128
Hotel Food and Beverage Services	712.079	2.561	10.641	702.905
Transportation and Telecommunication	968.893	44.495	37.413	975.980
Financial Institutions	706.346	5.146	5.396	706.091
Real Estate and Leasing Services	1.866.056	23.503	33.645	1.855.913
Self Employment Services	156.372	174	789	155.760
Education Services	76.614	125	536	76.209
Health and Social Services	520.405	12.154	13.617	518.936
Other	5.404.484	5.756	10.512	5.397.411
Total	66.435.840	1.698.976	1.734.896	66.399.920

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Loans	Non Performing Loans	Expected Loss Provisions	Total
Agriculture	992.055	18.201	20.991	989.265
Farming and Stockbreeding	704.420	13.518	16.415	701.523
Forestry	265.979	3.815	3.761	266.033
Fishing	21.656	868	815	21.709
Manufacturing	19.279.023	497.187	479.857	19.296.353
Mining and Quarrying	3.405.649	15.971	43.927	3.377.693
Production	15.455.153	475.769	429.492	15.501.430
Electric, Gas and Water	418.221	5.447	6.438	417.230
Construction	11.415.118	404.887	293.953	11.526.052
Services	10.483.535	256.344	356.848	10.387.650
Wholesale and Retail Trade	6.581.978	185.849	274.660	6.493.167
Hotel Food and Beverage Services	351.341	2.782	3.809	350.314
Transportation and Telecommunication	303.608	29.489	33.008	300.089
Financial Institutions	1.201.035	-	1.154	1.199.881
Real Estate and Leasing Services	1.367.910	30.441	31.066	1.367.285
Self Employment Services	87.162	502	1.344	86.320
Education Services	91.006	52	560	90.498
Health and Social Services	499.495	7.229	11.247	495.477
Other	8.847	4.439	5.371	7.915
Total	42.178.578	1.181.058	1.153.226	42.206.410

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

vi. Aging analysis for overdue receivables

Current Period 31.12.2021	1-30 Day	31-60 Day	61-90 Day	90+ Day	Total
Loans and Receivables ⁽¹⁾					
Corporate/Entrepreneurial Loans	104.883	136.603	28.919	177.844	448.249
Consumer Loans	75.326	12.546	8.912	2.720	99.504
Toplam	180.209	149.149	37.831	180.564	547.753

⁽¹⁾ The Bank's loan amounting to TL 1.490.386, which is under close monitoring, has no delay.

Prior Period 31.12.2020	1-30 Day	31-60 Day	61-90 Day	90+ Day	Total
Loans and Receivables ⁽¹⁾					
Corporate/Entrepreneurial Loans	113.706	33.814	71.938	258.085	477.543
Consumer Loans	32.330	7.234	2.143	2.966	44.673
Toplam	146.036	41.048	74.081	261.051	522.216

⁽¹⁾ The Bank's loan amounting to TL 692.695, which is under close monitoring, has no delay.

Breakdown of restructured receivables by allocation of provision

Out of the Bank's total restructured loans amounting to TL 1.534.480, a portion of TL 1.491.922 consists of performing loans and remaining portion of TL 42.558 consists of non-performing loans. The total amount of first and second stage expected loss provisions allocated for non-performing loans is TL 61.708 and the third stage expected loss provision for non-performing loans is TL 77.224. (31 December 2020: Out of the Bank's total restructured loans amounting to TL 875.907, a portion of TL 862.868 consists of performing loans and remaining portion of TL 13.039 consists of non-performing loans. Total first and second stage expected loss provision for structured loans is TL 136.408 and third stage expected loss provision amount allocated for non-performing loans is 38.364.

3.2) Credit risk mitigation

a) Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques

In the collateralization transactions related to the lending processes of the Bank, the issues that may pose a risk from now on are taken into consideration. In the bank collateral policy, risks are now managed by taking into account all risks such as failure to seize the received collateral in time or not being able to convert it into cash, refusal or delay of payment by the guarantor, failure of credit documents whose legal validity has not been sufficiently investigated to achieve the desired legal result.

Transactions carried out by the Bank within the scope of market risk are not subject to collateral.

Financial collaterals are taken into consideration in credit risk mitigation in the Bank, and real estate mortgages are not considered as collateral as a rule. Mortgage-backed receivables are a separate risk class, and the financial collaterals used in the Bank consist of cash blockage, loan guarantee fund and assignment of arising public receivables.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Credit risk mitigation techniques – Overview

Current Period 31.12.2021	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans *	52.412.531	4.780.715	3.720.274	3.009.663	2.536.877	-	-
Debt Securities *	10.228.317	-	-	-	-	-	-
Total	62.640.848	4.780.715	3.720.274	3.009.663	2.536.877	-	-
Of which defaulted *	1.570.109	-	-	-	-	-	-

^(*) Based on the BRSA's article on "Pandemic Measures Time Extension" dated 08.12.2020, the simple arithmetic average of the Central Bank's foreign exchange buying rates of the last 252 business days before the calculation date has been used in the calculation of the Credit Risk Subject Amount. Therefore, the figures in the Credit Risk Mitigation Techniques table show a foreign exchange difference of 9.206.674 Thousand TL in "Loans", 1.484.531 Thousand TL in "Borrowing Instruments" and 128.867 Thousand TL in the "Defaulted" category.

Priod Period 31.12.2020	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	36.296.201	5.910.209	4.717.707	4.924.960	4.189.451	-	-
Debt Securities	6.895.629	-	-	-	-	-	-
Total	43.191.830	5.910.209	4.717.707	4.924.960	4.189.451	-	-
Of which defaulted	1.152.871	-	-	-	-	-	-

^(*) Based on the BRSA's article on "Pandemic Measures Time Extension" dated 08.12.2020, the simple arithmetic average of the Central Bank's foreign exchange buying rates of the last 252 business days before the calculation date has been used in the calculation of the Credit Risk Subject Amount. Therefore, the figures in the Credit Risk Mitigation Techniques table show a foreign exchange difference of 1.128.770 Thousand TL in "Loans", 58.371 Thousand TL in "Borrowing Instruments" and 28.187 Thousand TL in the "Defaulted" category.

3.3) Credit risk if standard approach is used

a) Qualitative explanations on ratings used by banks while calculating credit risk with standard approach

The Bank uses the ratings given by the Fitch Ratings International Rating Agency in the risk classes of Receivables from Central Governments or Central Banks, Receivables from Regional Governments or Local Governments, and Receivables from Administrative Units and Non-Commercial Enterprises. Receivables From Banks In the risk class, Fitch Ratings notes are used for Receivables from Resident Banks, and no rating agency notes are used for receivables from domestic resident Banks. While our country grade used for Receivables from Central Governments or Central Banks, Receivables from Regional Governments or Local Governments and Receivables from Administrative Units and Non-Commercial Enterprises corresponds to 3 in the Credit Quality Level, the notes used in the Receivables from Banks and Intermediary Institutions risk class are from 1 to 6 matched with credit quality tiers.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Standard Approach - Loan risk exposure and the effects of loan risk reduction technique

Risk Classes	Current Period 31.12.2021	Exposures before CCF and CRM		Exposures post- CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA amount	RWA density amount
1 Exposures to sovereigns and their central banks		16.656.175	-	19.175.013	17.843	-	0%
2 Exposures to regional and local governments		-	-	18.039	388	9.214	50%
3 Exposures to administrative bodies and non-commercial entities		259.913	165.759	259.913	43.926	300.425	99%
4 Exposures to multilateral development banks		-	-	-	-	-	0%
5 Exposures to international organizations		-	-	-	-	-	0%
6 Exposures to banks and brokerage houses		2.615.679	403.825	2.615.679	395.564	796.690	26%
7 Exposures to corporates		25.101.279	18.469.122	24.142.247	11.999.030	34.696.911	96%
8 Retail exposures		6.891.139	4.461.177	5.299.430	2.088.169	5.321.772	72%
9 Exposures secured by residential property		3.412.489	51.391	3.412.489	26.108	1.203.509	35%
10 Exposures secured by commercial property		2.620.264	685.693	2.620.264	366.110	1.493.187	50%
11 Past-due items		257.585	-	257.585	-	147.146	57%
12 Exposures in high-risk categories		77.691	51	77.691	26	116.575	150%
13 Exposures in the form of bonds secured by mortgages		-	-	-	-	-	0%
14 Short term exposures to banks, brokerage houses and corporates		-	-	-	-	-	0%
15 Exposures in the form of collective investment undertakings		-	-	-	-	-	0%
16 Other exposures		1.552.398	-	1.251.068	-	682.242	55%
17 Equity share investments		-	-	-	-	-	0%
18 Total		59.444.612	24.237.018	59.129.418	14.937.164	44.767.671	60%

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Prior Period 31.12.2020	Exposures before CCF and CRM		Exposures post- CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA amount	RWA density amount
Risk Classes							
1	Exposures to sovereigns and their central banks	8.707.427	-	12.870.880	23.363	-	0%
2	Exposures to regional and local governments	-	-	25.999	5.815	15.907	50%
3	Exposures to administrative bodies and non-commercial entities	264.828	5.784	264.828	2.858	266.144	99%
4	Exposures to multilateral development banks	-	-	-	-	-	0%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to banks and brokerage houses	5.024.106	62.368	5.024.106	44.399	1.025.480	20%
7	Exposures to corporates	16.970.986	12.490.186	15.275.823	8.613.143	23.153.759	97%
8	Retail exposures	5.076.333	2.581.421	2.582.045	1.244.087	2.746.074	72%
9	Exposures secured by residential property	2.624.630	47.664	2.624.630	25.720	927.622	35%
10	Exposures secured by commercial property	1.481.948	402.902	1.481.948	237.202	859.575	50%
11	Past-due items	258.567	-	258.567	-	174.139	67%
12	Exposures in high-risk categories	104.158	-	104.158	-	156.237	150%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	0%
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	0%
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	0%
16	Other exposures	584.843	-	584.843	-	325.774	56%
17	Equity share investments	-	-	-	-	-	0%
18	Total	41.097.826	15.590.325	41.097.827	10.196.587	29.650.711	58%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

c) Standard approach: Receivables related with risk classes and risk weights

Current Period Risk Classes/Risk Weight	0%	10%	20%	35% Secured by Property Mortgage	50% Secured by Property Mortgage	50%^(*)
Exposures to sovereigns and their central banks	19.192.856	-	-	-	-	-
Exposures to regional and local government	-	-	-	-	-	18.427
Exposures to administrative bodies and non-commercial entities	3.414	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	2.700.494	-	-	108.315
Exposures to corporates	547.254	-	727.310	-	-	630.527
Retail exposures	175.496	-	160.840	-	-	-
Exposures secured by residential property	-	-	-	3.438.597	-	-
Exposures secured by commercial property	-	-	-	-	2.986.373	-
Past-due items	222	-	35	-	-	220.378
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	568.826	-	-	-	-	-
Total	20.488.068	-	3.588.679	3.438.597	2.986.373	977.647

	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
	-	-	-	-	-	19.192.856
	-	-	-	-	-	18.427
	-	300.425	-	-	-	303.839
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	202.434	-	-	-	3.011.243
	-	34.236.186	-	-	-	36.141.277
	7.046.629	4.635	-	-	-	7.387.600
	-	-	-	-	-	3.438.597
	-	-	-	-	-	2.986.373
	-	36.950	-	-	-	257.585
	-	-	77.717	-	-	77.717
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	682.242	-	-	-	1.251.068
	7.046.629	35.462.872	77.717	-	-	74.066.582

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period Risk Classes/Risk Weight	0%	10%	20%	35% Secured by Property Mortgage	50% Secured by Property Mortgage	50% ^(*)
Exposures to sovereigns and their central banks	12.894.243	-	-	-	-	-
Exposures to regional and local government	-	-	-	-	-	31.814
Exposures to administrative bodies and non-commercial entities	1.542	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	5.029.242	-	-	39.263
Exposures to corporates	152.069	-	395.853	-	-	532.912
Retail exposures	87.286	-	105.564	-	-	-
Exposures secured by residential property	-	-	-	2.650.350	-	-
Exposures secured by commercial property	-	-	-	-	1.719.150	-
Past-due items	112	-	72	-	-	168.517
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	259.071	-	-	-	-	-
Total	13.394.323	-	5.530.731	2.650.350	1.719.150	772.506

	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
	-	-	-	-	-	12.894.243
	-	-	-	-	-	31.814
	-	266.144	-	-	-	267.686
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	5.068.505
	-	22.808.132	-	-	-	23.888.966
	3.633.282	-	-	-	-	3.826.132
	-	-	-	-	-	2.650.350
	-	-	-	-	-	1.719.150
	-	89.866	-	-	-	258.567
	-	-	104.158	-	-	104.158
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	325.772	-	-	-	584.843
	3.633.282	23.489.914	104.158	-	-	51.294.414

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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X. EXPLANATIONS ON RISK PROTECTION PROCEDURES

It is essential to limit the risk levels to limits compatible with the risk profile and risk tolerance in order to prevent the Bank from being affected by the adverse events that may occur while conducting its operations

Risk limits are determined by taking the opinions and suggestions of the General Manager, Audit Committee and relevant Senior Managers and approved by the Board of Directors

Risk limits; it has been determined in accordance with the risk levels, activities, size and complexity of its products and services that the Bank can take. Limits are regularly reviewed and monitored periodically, adapting to changes in market conditions, the Bank’s strategy and risk appetite.

In addition, derivative transactions are carried out at the Bank and FX and TL liquidity risk is limited by the transactions performed.

1) Credit risk under IRB (Internal Rating Based) Approach

Within the scope of the footnotes and related explanations prepared in accordance with the “Communiqué on Public Disclosure by the Banks” published in the Official Gazette dated 23 October 2015 and numbered 29511 by the BRSA and entered into force as of 31 March 2016, it is given annually and quarterly. The following required tables are not presented as of 31 December 2020 as the standard approach is used in the calculation of the Bank’s credit risk:

Qualitative information regarding IRB to be disclosed to the public

IRB - Credit risk amounts based on IRB and Portfolio and PoD (Probability of Default) range

IRB - Effect of credit derivatives used as CRM (Credit Risk Mitigation) technique on RWA (Risk Weighted Amounts)

Statement of changes in RWA under IRB approach

IRB - Retrospective testing of default probabilities in each risk class

IRB (Specialized loans and stock investments subject to basic risk weight approach)

XI. COUNTER PARTY CREDIT RISK EXPLANATIONS

a) Qualitative explanations on counter party credit risk

In an attempt to identify the counter party credit risk that the Bank may face, risk measurement and monitoring activities are performed and their results are considered in strategic decision-making process.

As part of the Bank’s counter party credit risk management, the functions of identification, measurement, monitoring and controlling of counter party credit risk are conducted in line with the structure, size, complexity and growth rate of products and activities, and the analysis, including stress test, and its results are reported to the Top Management.

It is essential that the Bank manages the counter party credit risk level in a manner that keeps it above the minimum limits specified in the legal regulations.

Bank risk measurement system; it takes measures to operate in a reliable and integrity manner compatible with legal regulations, fields of activity and product types, and to maintain it accordingly. In this context, as a minimum, for counter party credit risk measurement and monitoring activities; calculation of counter party credit risk weighted asset amount and legal capital requirement, and monitoring of the Bank’s compliance level with regard to allocated limits are carried out.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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b) Evaluation of counter party credit risk in accordance with the measurement methods

	Current Period 31.12.2021	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
1	Standardised approach - CCR (for derivatives)	17.898	25.585		1,4	43.484	20.129
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					2.986.187	2.015
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						22.144

^(*) Effective expected positive exposure

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

	Prior Period 31.12.2020	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
1	Standardised approach - CCR (for derivatives)	215.028	44.736		1,4	259.764	56.140
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					2.235.531	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						56.140

(*) Effective expected positive exposure

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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c) Capital requirement for loan valuation adjustment

Current Period 31.12.2021		Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	43.484	20.100
4	Total subject to the CVA capital charge	43.484	20.100
Prior Period 31.12.2020		Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	259.764	74.875
4	Total subject to the CVA capital charge	259.764	74.875

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d) Standardised approach - CCR exposures by risk class and risk weight

Risk weight/Regulatory portfolio (Current Period)	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	2.982.159	-	17.279	-	-	-	-	-	3.456
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	-	-	6.118	9.601	-	-	-	-	6.024
Exposures to corporates	-	-	-	4.030	-	10.154	-	-	12.169
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	330	-	495
Other exposures	-	-	-	-	-	-	-	-	-
Total ^(*)	2.982.159	-	23.397	13.631	-	10.154	330	-	22.144

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

Risk weight/Regulatory portfolio (Prior Period)	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	2.235.531	-	195.301	-	-	-	-	-	39.060
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	-	-	53.111	10.132	-	-	-	-	15.688
Exposures to corporates	-	-	-	-	-	877	-	-	877
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	343	-	515
Other exposures	-	-	-	-	-	-	-	-	-
Total ^(*)	2.235.531	-	248.412	10.132	-	877	343	-	56.140

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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e) Risk classes and counter party credit risk explanation

None.

f) Collaterals for CCR

	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Current Period 31.12.2021						
Cash-domestic currency	-	-	-	-	2.498.503	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	2.986.187
Total	-	-	-	-	2.498.503	2.986.187

	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Prior Period 31.12.2020						
Cash-domestic currency	-	-	-	-	2.079.285	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	2.235.531
Total	-	-	-	-	2.079.285	2.235.531

g) Credit Derivatives

None.

h) Risk Weight changes under CCR on the Internal Modeling Management Methods.

None.

i) Risks related with Central Counter parties

None.

5. Explanations on Securitization Disclosure

The Bank does not have any securitization positions as of 31 December 2021. (31 December 2020: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

6. Explanations on Market Risk

a) Qualitative information about market risk to be disclosed to the public

Within the framework of BRSA’s regulations, the Bank ensures effective management of market risk and market concentration risk arising from market risk components, in accordance with the volume, nature and complexity of its activities, taking into account the best practices.

The Bank ensures that measurement, monitoring, limitation, stress test and scenario analysis studies are carried out in accordance with the structure and complexity of its positions regarding market risk management and the results are reported. It is essential that new products and services are evaluated in terms of market risk.

In this context, as a minimum;

- Follow-up of the Bank’s accounts and positions subject to market risk and market developments affecting the value of these accounts and positions on a minimum daily basis,
- Amount calculations based on market risk to which the Bank is exposed within the framework of trading accounts,
- Analysis of the effects of up and down normal and extraordinary movements in the markets on the Bank’s accounts and positions subject to market risk,
- Backtest analysis of internal models used for monitoring purposes in calculating the amount subject to market risk,
- Regarding market risk, risk limits are regularly calculated and followed up.

In the Bank, the Board of Directors, Audit Committee and the General Manager fulfill their duties, powers and responsibilities within the scope of market risk management within the framework defined in the legislation. All Units, including the Units within the Scope of Internal Systems, fulfill their duties, powers and responsibilities within the scope of market risk management within the framework of the Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process and their own Regulations.

In order to reveal the market risk that the Bank may encounter, it is essential to carry out risk measurement and monitoring activities and to consider the results in the strategic decision-making process of the Bank.

Within the framework of these principles, at least the following analyzes are made for measurement and monitoring activities.

As a minimum within the scope of Market Risk:

- Standard Method: It is made in accordance with the Market Risk Reporting Set statements published by the BRSA.
- Value at Risk Analysis: Historical Simulation is performed using Parametric, Exponentially Weighted Moving Average (EWMA) or a different method deemed appropriate by the Bank.
- Internal Capital Requirement: Parameters determined by the BRSA and/or the Bank that may affect the financial strength of the Bank and the level of capital that will meet the risks the Bank is or may be exposed to, with stress tests and/or scenario analysis related to these parameters, a future perspective it is calculated using appropriate methods.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Standard Approach

		Current Period 31.12.2021	Prior Period 31.12.2020
		RWA	RWA
Outright products			
1	Profit share rate risk (general and specific)	41.713	118.100
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	281.836	172.559
4	Commodity risk	19.774	-
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	343.323	290.659

Issued quarterly and semi-annually and annually within the scope of the footnotes prepared by the BRSA in accordance with the "Communiqué on the Public Disclosures on Risk Management by Banks" published in the Official Gazette dated 23 October 2015 and numbered 29511 and entered into force as of 31 March 2016. The required tables below are not presented as of 31 December 2020, as the standard approach is used in the Bank's market risk calculation:

Quantitative information to be disclosed to the public for banks using the internal model approach

Market risk RAT (Risk Weighted Amounts) change table according to the internal model approach

Internal model approach for trading account

Comparison of VaR (Value at Risk) estimates with profit/loss

7. Explanations on the Operational Risk

In the Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of securities monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Current Period 31.12.2021	31.12.2018	31.12.2019	31.12.2020	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	892.243	1.556.512	2.333.366	1.594.041	15	239.106
Amount Subject to Operational Risk	-	-	-	-	-	2.988.826
Prior Period 31.12.2020	31.12.2017	31.12.2018	31.12.2019	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	482.004	892.243	1.556.512	976.920	15	146.538
Amount Subject to Operational Risk	-	-	-	-	-	1.831.724

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

XII. EXPLANATIONS ON THE OPERATING SEGMENTS

The Bank's operating segments are determined in accordance with the organizational and internal reporting structure and the provisions of TFRS 8 “Operating Segments”.

The Bank operates in retail, corporate/entrepreneurial banking, treasury/investment banking.

Table for segment reporting:

Current Period 1 January – 31 December 2021	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSES					
Profit Shares Income	549.574	4.721.896	964.827	23.619	6.259.916
Profit Shares from Loans	549.574	4.721.896	-	-	5.271.470
Profit Shares from Banks	-	-	3.070	-	3.070
Profit Shares from Securities	-	-	801.333	-	801.333
Other Profit Shares	-	-	160.424	23.619	184.043
Profit Shares Expense	(1.142.017)	(2.034.310)	(1.534.579)	(34.471)	(4.745.377)
Profit Shares Expense on Participation Funds	(1.142.017)	(2.034.310)	(57.829)	-	(3.234.156)
Profit Shares Expense on Funds Borrowed	-	-	(906.244)	-	(906.244)
Profit Shares Expense on Money Market Transactions	-	-	(570.506)	-	(570.506)
Profit Shares Expense on Securities Issued	-	-	-	-	-
Other Profit Shares Expense	-	-	-	(34.471)	(34.471)
Net Profit Shares Income/Expense	(592.443)	2.687.586	(569.752)	(10.852)	1.514.539
Net Fees and Commission Income/Expense	32.988	156.942	-	(42.596)	147.334
Fees and Commissions Received	32.988	156.942	-	42.322	232.252
Fees and Commissions Paid	-	-	-	(84.918)	(84.918)
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	214.813	-	214.813
Other Operating Income	-	542.896	-	8.742	551.638
Provision for Expected Losses	(71.994)	(810.585)	-	(75.983)	(958.562)
Other Provision Expense	-	-	-	(30.041)	(30.041)
Personnel Expenses	-	-	-	(317.383)	(317.383)
Other Operating Expense	-	(10.045)	-	(382.122)	(392.167)
Net Operating Profit/Loss	(631.451)	2.012.834	(354.939)	(296.273)	730.171
Tax Provision	-	-	-	(171.482)	(171.482)
Net Profit/Loss	(631.451)	2.012.834	(354.939)	(467.755)	558.689
SEGMENT ASSETS					
Financial Assets at FV Through P/L	-	-	1.795.316	-	1.795.316
Banks ^(*)	-	-	3.350.140	-	3.350.140
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	8.589.570	-	8.589.570
Loans ^(**)	5.402.018	60.821.448	176.454	-	66.399.920
Financial Assets Measured at Amortised Cost	-	-	1.327.957	-	1.327.957
Derivative Financial Assets	-	-	19.756	-	19.756
Partnership Investment	-	-	100	-	100
Other Assets ^(*)	-	-	-	16.829.833	16.829.833
Total Segment Assets	5.402.018	60.821.448	15.259.293	16.829.833	98.312.592
SEGMENT LIABILITIES					
Funds Collected	41.898.492	36.035.405	-	-	77.933.897
Derivative Financial Liabilities	-	-	71.692	-	71.692
Funds Borrowed	-	-	6.164.845	-	6.164.845
Money Market Funds	-	-	3.784.645	-	3.784.645
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	647.270	647.270
Other Liabilities	-	-	-	5.388.508	5.388.508
Shareholders' Equity	-	-	-	4.321.735	4.321.735
TOTAL SEGMENT LIABILITIES	41.898.492	36.035.405	10.021.182	10.357.513	98.312.592

^(*) Includes expected loss provisions.

^(**) Includes lease receivables.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period (1 January - 31 December 2020)	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other	Total
OPERATING INCOME/EXPENSES					
Profit Shares Income	381.619	3.136.478	656.569	16.679	4.191.345
Profit Shares from Loans	381.619	3.136.478	-	-	3.518.097
Profit Shares from Banks	-	-	23.995	-	23.995
Profit Shares from Securities	-	-	608.569	-	608.569
Other Profit Shares	-	-	24.005	16.679	40.684
Profit Shares Expense	(663.913)	(844.970)	(589.826)	(24.098)	(2.122.807)
Profit Shares Expense on Participation Funds	(663.913)	(844.970)	(14)	-	(1.508.897)
Profit Shares Expense on Funds Borrowed	-	-	(526.209)	-	(526.209)
Profit Shares Expense on Money Market Transactions	-	-	(63.603)	-	(63.603)
Profit Shares Expense on Securities Issued	-	-	-	-	-
Other Profit Shares Expense	-	-	-	(24.098)	(24.098)
Net Profit Shares Income/Expense	(282.294)	2.291.508	66.743	(7.419)	2.068.538
Net Fees and Commission Income/Expense	29.737	111.337	-	(48.533)	92.541
Fees and Commissions Received	29.737	111.337	-	63.574	204.648
Fees and Commissions Paid	-	-	-	(112.107)	(112.107)
Dividend Income	-	-	104	-	104
Trading Income/Loss (Net)	-	-	83.310	-	83.310
Other Operating Income	-	263.704	-	4.440	268.144
Provision for Expected Losses	(104.717)	(781.235)	-	(108.261)	(994.213)
Other Provision expense	-	-	-	(173.855)	(173.855)
Personnel Expenses	-	-	-	(235.155)	(235.155)
Other Operating Expense	-	(4.959)	-	(311.973)	(316.932)
Net Operating Profit/Loss	(357.274)	1.880.355	150.157	(880.756)	792.482
Tax Provision	-	-	-	(153.920)	(153.920)
Net Profit/Loss	(357.274)	1.880.355	150.157	(1.034.676)	638.562
SEGMENT ASSETS					
Financial Assets at FV Through P/L	-	-	980.872	-	980.872
Banks ^(*)	-	-	4.799.686	-	4.799.686
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	5.145.732	-	5.145.732
Loans ^(*)	4.850.077	36.350.940	1.005.393	-	42.206.410
Financial Assets Measured at Amortised Cost	-	-	779.437	-	779.437
Derivative Financial Assets	-	-	28.253	-	28.253
Partnership Investment	-	-	100	-	100
Other Assets ^(*)	-	-	-	6.246.506	6.246.506
Total Segment Assets	4.850.077	36.350.940	12.739.473	6.246.506	60.186.996
SEGMENT LIABILITIES					
Funds Collected	18.467.216	27.918.934	-	-	46.386.150
Derivative Financial Liabilities	-	-	19.440	-	19.440
Funds Borrowed	-	-	5.443.864	-	5.443.864
Money Market Funds	-	-	2.101.073	-	2.101.073
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	409.244	409.244
Other Liabilities	-	-	-	2.092.952	2.092.952
Shareholders' Equity	-	-	-	3.734.273	3.734.273
TOTAL SEGMENT LIABILITIES	18.467.216	27.918.934	7.564.377	6.236.469	60.186.996

^(*) Includes expected loss provisions.

^(*) Includes lease receivables.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

XIII. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES

a) Information regarding the fair value of financial assets and liabilities:

Current Period	Book Value	Fair Value
Financial Assets	81.402.484	79.469.675
Due from Interbank Money Market	-	-
Banks	3.350.141	3.350.153
Financial Assets Measured at Fair Value Through Other Comprehensive Income	8.589.570	8.589.570
Financial Assets Measured at Amortised Cost	1.327.957	1.475.438
Loans	68.134.816	66.054.514
Financial Liabilities	85.530.523	85.491.080
Bank Deposits	4.684.079	4.684.079
Other Deposits	73.249.819	73.249.819
Funds Borrowed from Other Financial Institutions	6.164.846	6.125.403
Issued Marketable Securities	-	-
Miscellaneous Payables	1.431.779	1.431.779
Prior Period	Book Value	Fair Value
Financial Assets	54.084.573	53.131.349
Due from Interbank Money Market	-	-
Banks	4.799.768	4.799.735
Financial Assets Measured at Fair Value Through Other Comprehensive Income	5.145.732	5.145.732
Financial Assets Measured at Amortised Cost	779.437	921.034
Loans	43.359.636	42.264.848
Financial Liabilities	52.152.959	52.152.001
Bank Deposits	4.561.821	4.561.821
Other Deposits	41.824.329	41.824.329
Funds Borrowed from Other Financial Institutions	5.443.864	5.442.906
Issued Marketable Securities	-	-
Miscellaneous Payables	322.945	322.945

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of loans and other deposits represent the sum of the cost and the accrued interest.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

b) Information on fair value measurements recognized in the financial statement:

According to TFRS 7 “Financial Instruments: Explanations” Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related notes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank’s balance sheet, are presented with respect to such basis of classification in the table below.

Current Period 31.12.2021	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	-	1.795.316	-	1.795.316
Government Debt Securities		1.795.316	-	1.795.316
Marketable Securities	-	-	-	-
Other Marketable Securities	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.579.158	-	10.412	8.589.570
Marketable Securities	-	-	10.412	10.412
Government Debt Securities	7.920.917	-	-	7.920.917
Other Marketable Securities	658.241	-	-	658.241
Derivative Financial Assets	-	19.756	-	19.756
Total Assets	8.579.158	1.815.072	10.412	10.404.642
Derivative Financial Liabilities	-	71.692	-	71.692
Total Liabilities	-	71.692	-	71.692
Prior Period 31.12.2020	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	-	980.872	-	980.872
Government Debt Securities	-	980.872	-	980.872
Marketable Securities	-	-	-	-
Other Marketable Securities	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5.135.320	-	10.412	5.145.732
Marketable Securities	-	-	10.412	10.412
Government Debt Securities	4.655.109	-	-	4.655.109
Other Marketable Securities	480.211	-	-	480.211
Derivative Financial Assets	-	28.253	-	28.253
Total Assets	5.135.320	1.009.125	10.412	6.154.857
Derivative Financial Liabilities	-	19.440	-	19.440
Total Liabilities	-	19.440	-	19.440

XIV. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

The Bank does not provide trading, custody and fund management services on behalf and account of its customers. The bank does not make faith-based transaction contracts.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

1. a) Information on cash and balances with Central Bank of the Republic of Turkey

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Cash/Foreign Currency	55.164	478.398	34.139	185.722
Central Bank of the Republic of Turkey ⁽¹⁾	3.011.049	11.477.192	375.440	4.821.782
Other	-	268.888	-	60.037
Total	3.066.213	12.224.478	409.579	5.067.541

⁽¹⁾ According to the letter of BRSB dated 3 January 2008, it includes the average TL required reserve balance.

1. a.1) Information on Required Reserves:

According to the CBRT’s Communiqué No: 2013/15 on Required Reserves, the Bank establishes a reserve requirement at the CBRT for Turkish currency and foreign currency liabilities. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold according to the “Communiqué on Required Reserves” at the CBRT.

As of 31 December 2021, the applicable rates for required reserves established at the CBRT are between 3% and 8% for Turkish currency deposits and other liabilities (31 December 2020: 1% to 6%); It is between 5% and 26% for foreign currency deposits and other liabilities (31 December 2020: 5% to 22%).

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation funds in Turkish lira as of the obligation date of 15/4/2022 It has been decided not to apply an annual commission of 1,5% to the banks that have reached the 10% level and the 20% level as of the 8/7/2022 obligation date, up to the amount to be kept for their liabilities until the end of 2022.

b) Information on the account of the Central Bank of the Republic of Turkey:

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Unrestricted Demand Deposit	3.011.049	11.477.192	375.440	4.821.782
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	3.011.049	11.477.192	375.440	4.821.782

⁽¹⁾ TL, FC and Gold required reserves established in accordance with the “Communiqué on Required Reserves” are included in the amounts in the table.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. Information on banks and other financial institutions:

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Banks				
Domestic Banks	9.647	1.750.708	12.394	3.688.774
Foreign Banks	-	1.589.785	-	1.098.600
Foreign Head Office and Branches	-	-	-	-
Total	9.647	3.340.493	12.394	4.787.374

3. Financial assets at fair value through profit or loss

	Current Period 31.12.2021	Prior Period 31.12.2020
Financial Assets at Fair Value Through Profit/Loss	1.787.541	808.723
Other Dividends and Income Rediscunts	7.775	187.229
Provision for Impairment (-)	-	(15.080)
Total	1.795.316	980.872

4. a) Explanation regarding the comparison of net values of financial assets through other comprehensive income available-for-sale given or blocked as collateral and subject to repurchase agreements

	Current Period 31.12.2021	Prior Period 31.12.2020
Assets Subject to Repurchase Agreements	2.520.412	2.145.367
Assets Blocked/Given as Collateral	432.735	147.536
Total ^(*)	2.953.147	2.292.903

^(*) Accruals and provisions for impairment are not included.

b) Information on on financial assets at fair value through other comprehensive income

	Current Period 31.12.2021	Prior Period 31.12.2020
Debt Securities	8.700.787	5.282.808
Quoted in Stock Exchange	8.700.787	5.282.808
Not Quoted in Stock Exchange	-	-
Share Certificates	10.412	10.412
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange ^(*)	10.412	10.412
Provision for Impairment (-) ^(**)	121.629	147.488
Total	8.589.570	5.145.732

^(*) The aforementioned amounts consist of the Credit Guarantee Fund amounting to TL 2.753 and TL 7.659 paid by the Bank to JCR Avrasya Rating A.Ş. Guarantee Fund, 2.753 JCR Avrasya Rating A.Ş.).

^(**) It includes the negative differences between the acquisition costs of financial assets and market prices.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Information on derivative financial assets

a) Information on derivative assets at fair value through profit or loss

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Forward Transactions	12.764	2.138	889	-
Swap Transactions	-	4.854	27.355	9
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	12.764	6.992	28.244	9

6. Information related to loans

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

	Current Period 31.12.2021		Prior Period 31.12.2020	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	1.646	-	540	-
Corporate Shareholders	1.646	-	540	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	12.097	-	5.804	-
Total ^(*)	13.743	-	6.344	-

(*) Includes rediscount amounts.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

b) Information on the first and second group loans and other receivables including restructured loans

	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Restructured	
Current Period 31.12.2021			Loans with revised contract terms	Refinancing
Loans ^(*)	53.768.738	726.044	146.424	1.070.927
Export Loans	6.068.843	1.725	-	-
Import Loans	133.565	-	-	-
Commercial Loans	38.789.834	666.068	146.424	1.070.927
Consumer Loans	5.250.103	48.224	-	-
Credit Cards	27.404	168	-	-
Loans Given to Financial Sector	176.454	-	-	-
Other ^(**)	3.322.535	9.859	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals and Rediscounts	1.082.699	52.153	22	42.569
Total	54.851.437	778.197	146.446	1.113.496

	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Restructured	
Prior Period 31.12.2020			Loans with revised contract terms	Refinancing
Loans ^(*)	35.213.881	486.490	7.816	661.077
Export Loans	2.814.464	4.080	-	-
Import Loans	63.885	-	-	-
Commercial Loans	24.477.947	406.370	7.816	661.077
Consumer Loans	4.810.580	7.259	-	-
Credit Cards	4.591	10	-	-
Loans Given to Financial Sector	960.141	-	-	-
Other ^(**)	2.082.273	68.771	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals and Rediscounts	613.567	16.823	-	42.705
Total	35.827.448	503.313	7.816	703.782

^(*) Related amounts do not include finance lease receivables.

^(**) As of 31 December 2021, TL 39.633 (31 December 2020: TL 33.033) of the related balance consists of funds provided by the musharakah partnership financing method. As of 31 December 2021, the Bank has accounted for these fixed musharakah financing loans, which it carries in its statement of financial position, at historical cost in accordance with Interest-Free Finance Accounting Standard 4: Musharakah Financing “FFMS 4” Article 2/3/1.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Current Period 31.12.2021		Prior Period 31.12.2020	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Expected Credit Loss of Stage 1 and Stage 2				
12 Month Expected Credit Losses	228.215	-	128.318	-
Significant Increase in Credit Risk	-	168.969	-	236.065

	Current Period 31.12.2021		Prior Period 31.12.2020	
	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables
Number of Extensions				
1 or 2 Times Extended	294.941	1.217.351	193.975	668.893
3 - 4 or 5 Times Extended	-	-	-	-
Over 5 Times Extended	-	-	-	-
Total	294.941	1.217.351	193.975	668.893

	Current Period 31.12.2020		Prior Period 31.12.2020	
	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables
Extension Periods				
0 - 6 Months	31	28.422	-	24.485
6 Months - 12 Months	7.784	11.784	109.355	241.825
1 - 2 Years	173.766	591.041	33.198	153.176
2 - 5 Years	101.508	558.319	1.229	2.369
5 Years and Over	11.852	27.785	50.193	247.038
Total	294.941	1.217.351	193.975	668.893

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

c. Loans according to maturity structure

Current Period 31.12.2021

	Standard Loans and Other Receivables	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured
Short-term Loans	12.976.249	355.450	8.987
Medium and Long-term Loans	40.792.489	370.594	1.208.364
Total	53.768.738	726.044	1.217.351

Prior Period 31.12.2020

	Standard Loans and Other Receivables	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured
Short-term Loans	7.513.548	300.792	12.567
Medium and Long-term Loans	27.700.333	185.698	656.326
Total	35.213.881	486.490	668.893

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

d) Information on consumer loans, individual credit cards, personnel loans and personnel credit cards

Current Period 31.12.2021	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	12.812	5.275.390	5.288.202
Housing Loans	2.438	4.908.801	4.911.239
Vehicle Loans	2.146	142.921	145.067
Consumer Loans	8.228	223.668	231.896
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	25.620	44	25.664
With Installment	7.247	35	7.282
Without Installment	18.373	9	18.382
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	157	9.968	10.125
Housing Loans	-	2.698	2.698
Vehicle Loans	-	128	128
Consumer Loans	157	7.142	7.299
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	1.901	7	1.908
With Installment	353	1	354
Without Installment	1.548	6	1.554
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	40.490	5.285.409	5.325.899

(*) Profit share rediscount amounting to TL 76.119 is not included in the table.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	32.041	4.780.664	4.812.705
Housing Loans	2.229	4.474.142	4.476.371
Vehicle Loans	1.093	171.567	172.660
Consumer Loans	28.719	134.955	163.674
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	3.934	4	3.938
With Installment	1.180	4	1.184
Without Installment	2.754	-	2.754
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	61	5.073	5.134
Housing Loans	-	-	-
Vehicle Loans	-	89	89
Consumer Loans	61	4.984	5.045
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	655	8	663
With Installment	112	7	119
Without Installment	543	1	544
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total ^(*)	36.691	4.785.749	4.822.440

^(*) Profit share rediscount amounting to TL 47.414 is not included in the table.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

e) Information on installment commercial loans and corporate credit cards

Current Period 31.12.2021	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TL	122.846	829.455	952.301
Business Loans	-	35.282	35.282
Vehicle Loans	122.846	794.173	917.019
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	20	20
Business Loans	-	-	-
Vehicle Loans	-	20	20
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	-	44.336	44.336
With Installment	-	-	-
Without Installment	-	44.336	44.336
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	122.846	873.811	996.657

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TL	120.795	531.124	651.919
Business Loans	-	41.214	41.214
Vehicle Loans	107.336	489.910	597.246
Consumer Loans	13.459	-	13.459
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	2.943	2.943
Business Loans	-	-	-
Vehicle Loans	-	2.943	2.943
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	-	23.550	23.550
With Installment	-	-	-
Without Installment	-	23.550	23.550
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	120.795	557.617	678.412

f) Loans according to types of borrower:

	Current Period 31.12.2021	Prior Period 31.12.2020
Public	1.858.537	461.569
Private	53.853.596	35.907.695
Profit Share Income Accruals and Rediscounts	1.177.443	673.095
Total *	56.889.576	37.042.359

*) Financial lease receivables and non-performing loans are not included.

g) Breakdown of domestic and international loans

	Current Period 31.12.2021	Prior Period 31.12.2020
Domestic Loans	54.953.912	36.256.108
Foreign Loans	758.221	113.156
Profit Share Income Accruals and Rediscounts	1.177.443	673.095
Total(*)	56.889.576	37.042.359

*) Financial lease receivables and non-performing loans are not included.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

h) Loans granted to subsidiaries and participations

As of 31 December 2021, the Bank has no loans granted to subsidiaries and participations (31 December 2020: None).

i) Provision for default (Stage 3/Specific Provision)

	Current Period 31.12.2021	Prior Period 31.12.2020
Loans and receivables with limited collectability	16.240	83.330
Loans and receivables with doubtful collectability	252.060	89.754
Uncollectible loans and other receivables	1.069.412	615.759
Total	1.337.712	788.843

j) Information on lease receivables

j.1) Analysis of investments made in financial leasing by remaining maturity

	Current Period 31.12.2021		Prior Period 31.12.2020	
	Gross	Net	Gross	Net
Less than 1 year	449.965	431.939	229.444	218.891
1-5 year	8.174.378	7.132.872	4.431.155	3.904.522
More than 5 years	2.363.504	1.981.453	1.262.735	1.012.806
Total	10.987.847	9.546.264	5.923.334	5.136.219

j.2) Information on net investments in financial leasing

	Current Period 31.12.2021	Prior Period 31.12.2020
Gross Financial Lease Receivable	10.987.847	5.923.334
Unearned Financial Income from Financial Lease (-)	(1.441.583)	(787.115)
Canceled Rental Amounts	-	-
Total	9.546.264	5.136.219

k) Information on non-performing receivables (net)

k.1) Information on loans and other receivables included in non-performing receivables which are restructured or rescheduled:

As of 31 December 2021, the sum of the Bank's non-performing loans restructured or rescheduled for a new redemption plan and other receivables is 126.321 TL (31 December 2020: 13.039).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

k.2) Information on the movement of total non-performing loans

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period 31.12.2021			
Ending balance of prior period	203.447	172.400	805.211
Additions in the current period (+)	566.363	73.959	290.792
Transfers from other categories of non-performing loans (+)	-	483.623	320.417
Transfers to other categories of non-performing loans (-)	483.623	320.417	-
Collections in the current period (-)	244.720	18.369	150.107
Write offs (-) ^(*)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	41.467	391.196	1.266.313
Expected Loss Provision (Stage 3) (-)	16.240	252.060	1.069.412
Net balance on balance sheet	25.227	139.136	196.901

^(*) Includes transfers to first and second group loans amounting to TL 42.558.

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Prior Period 31.12.2020			
Ending balance of prior period	155.555	195.532	324.195
Additions in the current period (+)	454.803	230.798	240.742
Transfers from other categories of non-performing loans (+)	-	392.746	503.145
Transfers to other categories of non-performing loans (-)	392.746	503.145	-
Collections in the current period (-)	14.165	143.531	161.825
Write offs (-) ^(*)	-	-	101.046
Corporate and commercial loans	-	-	101.046
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	203.447	172.400	805.211
Expected Loss Provision (Stage 3) (-)	83.330	89.754	615.759
Net balance on balance sheet	120.117	82.646	189.452

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

k.3) Information on foreign currency non-performing loans

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible Loans
Current Period (31.12.2021)			
Ending balance of the current period	-	14.502	415.568
Expected Loss Provision (Stage 3) (-)	-	8.142	358.580
Net balance on balance sheet	-	6.360	56.988
Prior Period (31.12.2020)			
Ending balance of the current period	14.935	57.475	221.893
Expected Loss Provision (Stage 3) (-)	4.056	32.515	167.226
Net balance on balance sheet	10.879	24.960	54.667

l) Gross and net amounts of non-performing receivables according to user groups

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period (Net)	25.227	139.136	196.901
Loans to Real Persons and Legal Entities (Gross)	41.467	391.196	1.266.313
Specific Provisions (-)	16.240	252.060	1.069.412
Loans to Real Persons and Legal Entities (Net)	25.227	139.136	196.901
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	120.117	82.646	189.452
Loans to Real Persons and Legal Entities (Gross)	203.447	172.400	805.211
Specific Provisions (-)	83.330	89.754	615.759
Loans to Real Persons and Legal Entities (Net)	120.117	82.646	189.452
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information on accruals, valuation differences and related provisions calculated for non performing loans for Banks which are providing expected credit loss according to TFRS 9:

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible loans
Current Period End Balance 31.12.2021			
Profit Share Accrual and Valuation Differences Provision	2.009	26.474	192.499
Provision Amount (-)	822	15.514	160.127

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible loans
Prior Period End Balance 31.12.2020			
Profit Share Accrual and Valuation Differences Provision	9.402	17.192	74.182
Provision Amount (-)	3.994	8.714	60.296

Provision changes according to TFRS 9

	Current Period 31.12.2021			
	1. Stage	2. Stage	3. Stage	Total
Balance at the Beginning of the Period	128.318	236.065	788.843	1.153.226
Addition	140.975	107.509	541.460	789.944
Disposals(-)	(33.896)	(87.199)	(87.179)	(208.274)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	548	(539)	(9)	-
Transfer to Stage 2	(6.923)	7.084	(161)	-
Transfer to Stage 3	(807)	(93.951)	94.758	-
Balance at the Closing of the Period	228.215	168.969	1.337.712	1.734.896

	Prior Period 31.12.2020			
	1. Stage	2. Stage	3. Stage	Total
Balance at the Beginning of the Period	49.467	56.606	467.773	573.846
Addition	85.387	216.872	417.298	719.557
Disposals(-)	(11.713)	(19.694)	(7.725)	(39.132)
Sold (-)	-	-	(101.045)	(101.045)
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	6.103	(6.103)	-	-
Transfer to Stage 2	(915)	5.937	(5.022)	-
Transfer to Stage 3	(11)	(17.553)	17.564	-
Balance at the Closing of the Period	128.318	236.065	788.843	1.153.226

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Cash loan changes according to TFRS 9

	Current Period 31.12.2020			
	1. Stage	2. Stage	3. Stage	Total
Balance at the Beginning of the Period	40.426.874	1.751.704	1.181.058	43.359.636
Addition	33.320.802	351.643	388.703	34.061.148
Disposals(-)	(8.813.386)	(78.268)	(245.152)	(9.136.806)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	159.267	(155.657)	(3.610)	-
Transfer to Stage 2	(878.056)	893.328	(15.272)	-
Transfer to Stage 3	(77.269)	(465.142)	542.411	-
Balance at the Closing of the Period	64.138.232	2.297.608	1.698.976	68.134.816

⊖ Includes 9.286.795 TL in the first stage and 259.469 TL in the second stage.

	Prior Period 31.12.2020			
	1. Stage	2. Stage	3. Stage	Total
Balance at the Beginning of the Period	26.765.484	2.124.264	675.282	29.565.030
Addition	22.861.738	239.857	302.932	23.404.527
Disposals(-)	(9.131.240)	(257.645)	(119.991)	(9.508.876)
Sold (-)	-	-	(101.045)	(101.045)
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	366.194	(366.194)	-	-
Transfer to Stage 2	(430.123)	445.945	(15.822)	-
Transfer to Stage 3	(5.179)	(434.523)	439.702	-
Balance at the Closing of the Period	40.426.874	1.751.704	1.181.058	43.359.636

⊖ Includes 4.599.426 TL in the first stage and 536.793 TL in the second stage.

m) Information on liquidating policy of uncollectible loans and other receivables

Execution proceedings are carried out for the collection of receivables from loan services of the Bank's. During this process, tangible guarantees constituting guarantees of receivables of the Bank and assets of the debtor(s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures.

n) Explanations on write-off policy

The Bank writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

7. Financial assets at amortized cost

a) Information on government debt securities measured at amortized cost

	Current Period 31.12.2021	Prior Period 31.12.2020
Debt Securities	1.327.957	779.437
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	-	-
Provision of Impairment (-)	-	-
Total	1.327.957	779.437

b) Information on other financial assets valued at amortized cost

None (31 December 2020: None).

c) Information on government debt securities measured at amortized cost

As of 31 December 2021, government debt securities measured at amortized cost of the Bank is TL 1.327.957 (31 December 2020: TL 779.437).

	Current Period 31.12.2021	Prior Period 31.12.2020
Balances at Beginning of Period	779.437	547.750
Foreign Currency Differences on Monetary Assets	396.879	191.227
Purchases during the Period ^(c)	151.641	40.460
Disposals through Sales/Redemptions	-	-
Provision of Impairment (-)	-	-
Balances at End of Period	1.327.957	779.437

^(c) Rediscounts are shown in "Purchases during the period" line.

8. Information on assets related to trading investments and discontinued operations:

As of 31 December 2021, the amount of assets due to trading is TL 307.881 (31 December 2020: TL 75.240).

	Current Period 31.12.2021	Prior Period 31.12.2020
Beginning Balance (Net)	75.240	104.069
Changes During the Period (Net)	232.641	(28.829)
Amount of Depreciation	-	-
Provision for Impairment	-	-
Period End Balance (Net)*	307.881	75.240

^(c) The bank has a right of fidelity of over TL 247.112 of assets held for sale (31 December 2020: 57.817).

As of 31 December 2021, the Bank has no discontinued operations (31 December 2020: None).

Ziraat Katılım Bankası A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

9. Equity Investments

a) Information about in associates (net):

None (31 December 2020: None).

b) Information on subsidiaries (net)

b.1) Information on unconsolidated subsidiaries

	Name	Address (City/Country)	Bank's share percentage - if different voting percentage (%)	Risk share percentage of other shareholders (%)
1	Ziraat Katılım Varlık Kiralama A.Ş.	İstanbul/TÜRKİYE	100	100
2	ZKB Varlık Kiralama A.Ş.	İstanbul/TÜRKİYE	100	100

	Total Assets	Shareholders Equity	Total Fixed Assets	Dividend or profit share income	Income from marketable securities	Current Period Income/Loss	Prior period Income/Loss ^(*)	Fair Value	Needed Shareholders Equity
1 ^(*)	4.157.332	343	-	609.763	-	176	95	-	-
2 ^(*)	203.297	87	-	3.267	-	3	22	-	-

^(*) Independently audited financial statements of 31 December 2021 are used.

	Current Period 31.12.2021	Prior Period 31.12.2020
Balance at the beginning of the year	100	100
Movements during the year	-	-
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Transfers to available for sale financial assets	-	-
Sales	-	-
Revaluation increase	-	-
Revaluation/Impairment	-	-
Balance at the end of the year	100	100
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

b.2) Sectoral information on unconsolidated subsidiaries and the related carrying amounts

	Current Period 31.12.2021	Prior Period 31.12.2020
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	100	100

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

b.3) Subsidiaries that are quoted on the stock exchange

None (31 December 2020: None).

c) Information on entities under common control (joint ventures):

None (31 December 2020: None).

10. Explanations on property and equipment

	Immovable	Right of Use of Immovable	Movable	Right of Use of Movable	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End:							
Cost	-	145.703	89.051	20.924	52.052	-	307.730
Accumulated Depreciation (-)	-	44.250	47.532	7.293	30.691	-	129.766
Net Book Value	-	101.453	41.519	13.631	21.361	-	177.964
Current Period End:							
Net Book Value at the Beginning of the Period	-	101.453	41.519	13.631	21.361	-	177.964
Change During the Period (Net)	-	50.597	50.583	10.145	12.630	-	123.955
Cost	-	76.318	56.162	14.006	20.560	-	167.046
Amortization (Net) (-)	-	25.721	5.579	3.861	7.930	-	43.091
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	222.021	145.213	34.930	72.612	-	474.776
Accumulated Depreciation at Period End (-)	-	69.971	53.111	11.154	38.621	-	172.857
Provision for Impairment (-)	-	-	-	-	-	-	-
Closing Net Book Value	-	152.050	92.102	23.776	33.991	-	301.919

For the impairment, which are either recorded or canceled in the current period and each or some of them are not important for the whole of the financial statements, the sum of the impairment amounts that are separated or canceled by the related asset groups and the events and conditions that cause them: None.

Pledges, mortgages and other restrictions on tangible assets, amount of expenses made during construction for tangible assets, commitments made for purchase of tangible assets: None

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

11. Explanations on intangible assets:

	Current Period 31.12.2021			Prior Period 31.12.2020		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	280.415	56.576	223.839	198.433	37.176	161.257
Total	280.415	56.576	223.839	198.433	37.176	161.257

- In case an intangible asset that is significant for the financial statements as a whole, its book value, definition and remaining depreciation period: None.
- Information on intangible assets acquired under government incentives and recorded with fair value at initial recognition: None.
- The method in which intangible assets acquired under government incentives and recorded with fair value at initial recognition are valued after the first registration date: None.
- Book value of intangible assets with restrictions on use or pledged: None.
- Amount of commitments given for acquisition of intangible asset: None.
- Intangible assets based on revalued asset type: None.
- Total amount of research and development expenses recorded in the period, if any: None.
- Positive or negative consolidation goodwill that are originated from partnerships which their financial statements are unconsolidated: Not applied to the financial statements with consolidation.
- Information on goodwill: None.

12. Information on the investment properties:

As of 31 December 2021, the Bank has no investment properties (31 December 2020: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

13. Information on deferred tax asset:

As at 31 December, deferred tax liabilities of TL 183.007 (31 December 2020: TL 68.859) and deferred tax assets of TL 484.336 (31 December 2020 TL 177.456) have been offset and TL 301.329 deferred tax asset (31 December 2020: TL 108.597 deferred tax asset) is reflected in the financial statements.

	Current Period 31.12.2021	Prior Period 31.12.2020
Deferred Tax Assets	484.336	177.456
Deferred Tax Liabilities	183.007	68.859
Net Deferred Tax Assets	301.329	108.597
Net Deferred Tax Income	202.259	47.615

	Current Period 31.12.2021	Prior Period 31.12.2020
Reserve for Employee Benefits	13.165	11.347
Short-term Employee Benefits	47.721	38.273
Financial Assets Valuation Differences	57.375	28.650
Other	183.068	30.327
Net Deferred Tax Asset	301.329	108.597

14. Information on other assets:

As of 31 December 2021, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. a) Information on funds collected

a.1) Information on maturity structure of funds collected

Current Period 31.12.2021	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year andover	Accumulated Participation Account	Total
I. Real persons current accounts non-trade TL	1.080.407	-	-	-	-	-	-	-	1.080.407
II. Real persons participation accounts non-trade TL	-	689.629	6.452.687	129.875	85.879	1.828	305.761	-	7.665.659
III. Other current accounts-TL	6.128.613	-	-	-	-	-	-	-	6.128.613
Public sector	167.917	-	-	-	-	-	-	-	167.917
Commercial sector	1.749.391	-	-	-	-	-	-	-	1.749.391
Other institutions	76.861	-	-	-	-	-	-	-	76.861
Commercial and other institutions	517	-	-	-	-	-	-	-	517
Banks and participation banks	4.133.927	-	-	-	-	-	-	-	4.133.927
Central Bank of Republic of Turkey	117	-	-	-	-	-	-	-	117
Domestic banks	774	-	-	-	-	-	-	-	774
Foreign banks	4.133.014	-	-	-	-	-	-	-	4.133.014
Participation banks	22	-	-	-	-	-	-	-	22
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TL	-	2.898.139	10.399.835	918.222	318.592	280.004	25.512	-	14.840.304
Public sector	-	816.825	1.110.069	124.235	41.131	78.548	-	-	2.170.808
Commercial sector	-	2.068.417	7.387.720	724.434	255.743	201.456	22.075	-	10.659.845
Other institutions	-	12.897	1.379.432	69.553	21.718	-	3.437	-	1.487.037
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	522.614	-	-	-	-	-	522.614
V. Real persons current accounts non-trade FC	3.803.345	-	-	-	-	-	-	-	3.803.345
VI. Real persons participation accounts-FC	-	591.893	9.616.802	184.883	-	280.987	2.053.298	-	12.727.863
VII. Other current accounts-FC	8.580.782	-	-	-	-	-	-	-	8.580.782
Commercial residents in Turkey	8.406.586	-	-	-	-	-	-	-	8.406.586
Commercial residents in Abroad	159.312	-	-	-	-	-	-	-	159.312
Banks and participation banks	14.884	-	-	-	-	-	-	-	14.884
Central Bank of Republic of Turkey	6.090	-	-	-	-	-	-	-	6.090
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	8.794	-	-	-	-	-	-	-	8.794
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	466.502	9.830.320	231.336	80.902	1.129	7.741.954	-	18.352.143
Public sector	-	-	1.352	-	-	-	-	-	1.352
Commercial sector	-	464.496	9.723.205	231.262	80.902	1.129	7.739.071	-	18.240.065
Other institutions	-	2.006	34.110	74	-	-	2.883	-	39.073
Commercial and other institutions	-	-	71.653	-	-	-	-	-	71.653
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	2.012.422	-	2.642.744	11.673	38.902	-	49.040	-	4.754.781
X. Participation accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total I+II+.....+IX+X+XI)	21.605.569	4.646.163	38.942.388	1.475.989	524.275	563.948	10.175.565	-	77.933.897

As of 31 December 2021, it includes 107.752 TL of CBRT Currency Protected Participation Account and 969.122 TL of Treasury Currency Protected Participation Account products.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated Participation Account	Total
I. Real persons current accounts non-trade TL	547.690	-	-	-	-	-	-	-	547.690
II. Real persons participation accounts non-trade TL	-	460.869	4.921.147	47.420	-	57.942	306.722	-	5.794.100
III. Other current accounts-TL	5.992.502	-	-	-	-	-	-	-	5.992.502
Public sector	173.231	-	-	-	-	-	-	-	173.231
Commercial sector	1.219.808	-	-	-	-	-	-	-	1.219.808
Other institutions	47.949	-	-	-	-	-	-	-	47.949
Commercial and other institutions	633	-	-	-	-	-	-	-	633
Banks and participation banks	4.550.881	-	-	-	-	-	-	-	4.550.881
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	6	-	-	-	-	-	-	-	6
Foreign banks	4.550.867	-	-	-	-	-	-	-	4.550.867
Participation banks	8	-	-	-	-	-	-	-	8
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TL	-	1.700.665	10.174.612	94.150	-	220.688	378.157	-	12.568.272
Public sector	-	620.289	899.416	41.069	-	106.655	-	-	1.667.429
Commercial sector	-	1.053.627	8.465.785	49.958	-	114.030	378.068	-	10.061.468
Other institutions	-	26.749	795.695	3.123	-	3	89	-	825.659
Commercial and other institutions	-	-	6.782	-	-	-	-	-	6.782
Banks and participation banks	-	-	6.934	-	-	-	-	-	6.934
V. Real persons current accounts-FC	1.495.884	-	-	-	-	-	-	-	1.495.884
VI. Real persons participation accounts non-trade FC	-	493.578	5.322.190	73.336	-	143.786	1.285.468	-	7.318.358
VII. Other current accounts non-trade FC	2.638.698	-	-	-	-	-	-	-	2.638.698
Commercial residents in Turkey	2.571.320	-	-	-	-	-	-	-	2.571.320
Commercial residents in Abroad	63.298	-	-	-	-	-	-	-	63.298
Banks and participation banks	4.080	-	-	-	-	-	-	-	4.080
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	4.080	-	-	-	-	-	-	-	4.080
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	309.325	5.963.344	35.670	-	47.954	592.942	-	6.949.235
Public sector	-	-	2.009	-	-	-	-	-	2.009
Commercial sector	-	309.230	5.941.971	35.551	-	47.954	592.942	-	6.927.648
Other institutions	-	95	8.475	119	-	-	-	-	8.689
Commercial and other institutions	-	-	10.889	-	-	-	-	-	10.889
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	1.325.471	-	1.651.045	44.328	-	19.203	41.364	-	3.081.411
X. Participation accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total I+II+.....+IX+X+XI)	12.000.245	2.964.437	28.032.338	294.904	-	489.573	2.604.653	-	46.386.150

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

a.2) Exceeding Amounts of Insurance Limit:

i. Information's on current and participation accounts within the scope of Saving Deposit/Saving Deposit Insurance Fund

	Under the guarantee of saving deposit insurance	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Exceeding the limit of saving deposit
	Current Period 31.12.2021	Prior Period 31.12.2020	Current Period 31.12.2021	Prior Period 31.12.2020
Real persons current and participation accounts that are not subject to commercial activities	7.959.088	6.262.307	21.375.856	11.597.180
TL accounts	4.068.648	3.102.912	4.677.418	3.238.877
FC accounts	3.890.440	3.159.395	16.698.438	8.358.303
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

ii. Amounts which are not within the scope of insurance

Participation fund of the real persons who are not within the scope of Saving Deposits Insurance Fund

	Current Period 31.12.2021	Prior Period 31.12.2020
Foreign branches' profit sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit sharing accounts of their mother, father, spouse and children in care	142	672
Profit sharing account and other accounts within the scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No: 5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	-	-

2. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	4.476.794	1.540.520	4.397.336	1.012.839
From Foreign Banks, Institutions and Funds	-	147.531	-	33.689
Total	4.476.794	1.688.051	4.397.336	1.046.528

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b) Information on maturity structure of borrowings

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Short-term	4.262.902	801.105	4.121.770	750.707
Medium and Long-term	213.892	886.946	275.566	295.821
Total	4.476.794	1.688.051	4.397.336	1.046.528

c) Concentrations of the Bank's major liabilities, funder customer, segments or other criteria which are seen risk concentrations

79% of liabilities consists of current and participation account.

3. Information on funds obtained from money market transactions

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Domestic	3.784.645	-	2.101.073	-
Financial Institutions	3.784.645	-	2.101.073	-
Abroad	-	-	-	-
Financial Institutions	-	-	-	-
Total	3.784.645	-	2.101.073	-

4. Information on securities issued

None (31 December 2020: None).

5. Information on financial liabilities at fair value through profit and loss

None (31 December 2020:None).

6. Information on derivative financial liabilities

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Forward transactions	-	-	-	19.213
Swap transactions	70.653	1.039	-	227
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
Total	70.653	1.039	-	19.440

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

7. Information on financial lease obligations

	Current Period 31.12.2021		Prior Period 31.12.2020	
	Gross	Net	Gross	Net
Less than 1 year	63.632	36.170	73.018	42.158
Between 1-5 years	84.602	64.630	126.116	78.453
More than 5 years	180.579	93.663	9.770	7.023
Total	328.813	194.463	208.904	127.634

8. Information on provisions:

a) Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans and financial lease receivables

There is no foreign exchange loss provisions on foreign currency indexed loans and financial lease receivables (31 December 2020: None).

b) Information on special provisions related with uncompensated and non- liquidated non-cash loans

The expected credit loss provision for non-compensated and non-cash loans is TL 29.168 (31 December 2020: TL 26.708).

c) Information on other provisions

c.1) Information on free provisions for possible risks

As of 31 December 2021, the amount of free provision for possible risks, all of which has been set aside in previous years is TL 20.000, and TL 25.000 has been canceled in the current year (31 December 2020: TL 45.000).

c.2) The names and amounts of sub-accounts of other provisions exceeding 10% of the total provision amount

As of 31 December 2021 TL 428.989 (31 December 2020: TL 206.087) of other provisions was allocated from the profits to be distributed to participation accounts, TL 1.612 (31 December 2020: TL 147) of the provisions for foreign currency purchases and sales transactions, 226 The portion amounting to TL (31 December 2020: None) consists of the provision for promotional practices regarding credit cards and banking services.

c.3) Information on litigation provisions

A provision of TL 55.135 has been set aside in the financial statements for lawsuits that have not yet been finalized against the bank (31 December 2020: TL 36.613).

d) Information on provisions for employee benefits

d.1) Employment termination benefits and unused vacation rights

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service, excluding resignation or misconduct, whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire. As of the date of 31 December 2021, the amount payable consists of one month's salary limited to a maximum of TL 8.285 (full TL) (31 December 2020: TL 7.117 (full TL)) for each year of service.

The Bank uses actuarial method in the calculation and recognition of severance pay with in the standard of TAS 19 - “Turkish Accounting Standard on Employee Benefits”.

The Bank used its own parameters in the calculation of the total liabilities which were calculated with the actuary assumptions.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Current Period 31.12.2021	Prior Period 31.12.2020
Discount Rate (%)	19,10%	12,80%
Inflation (%)	15,80%	10,10%

Movements in the reserve for employment termination benefits during period are as follows:

	Current Period 31.12.2021	Prior Period 31.12.2020
Balance at the 1 January	18.984	8.662
Total Provisions During the Period	8.179	16.489
Paid During the Period	(1.115)	(429)
Actuarial loss/(gain)	211	(5.738)
Balance at the end of the period	26.259	18.984

As of 31 December 2021, the Bank has a TL 10.500 short-run employees rights provision (31 December 2020: TL 7.250).

d.2) Retirement Benefits

Based on the results of the actuarial report, which is calculated with the actuarial rate 9,80% as determined in the Law numbered 5754, published on the Official Gazette dated 8 May 2008 and numbered 26870, as of 31 December 2021, no technical deficit has been reported.

As of the balance sheet date, the Bank's liability for the benefits to be transferred to SGK is the estimated amount of payment that will be required to be made during the transfer to SGK. The actuarial parameters and the results used in the measurement of this amount reflect the provisions of Law No. 5754 on the pension and health benefits to be transferred to the SGK (9,80% real discount rate, etc.) published in the Official Gazette dated 8 May 2008 and numbered 26870.

d.3) Additional Bonus Provision to be paid to Personnel

The Bank has a total of 500 TL provision in the current period, based on the additional bonus to be paid to the personnel (31 December 2020: 29.836).

9. Explanations on tax liability

a) Explanations on current tax liability

As of 31 December 2021, the Group has a current tax liability of 350.441 TL (31 December 2020: 96.632 TL).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

b) Information on taxes payable

	Current Period 31.12.2021	Prior Period 31.12.2020
Corporate Tax Payable	282.895	57.157
Taxation on Income From Securities	28.932	18.264
Property Tax	475	159
Banking Insurance Transactions Tax (BITT)	19.237	12.977
Foreign Exchange Transactions Tax	5.578	1.099
Value Added Tax Payable	8.809	3.642
Other	3.998	2.975
Total	349.924	96.273

c) Information on premiums:

	Current Period 31.12.2021	Prior Period 31.12.2020
Social Security Premiums – Employee	15	8
Social Security Premiums – Employer	7	14
Bank Social Aid Pension Fund Premium - Employee	-	1
Bank Social Aid Pension Fund Premium - Employer	-	7
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	165	110
Unemployment Insurance – Employer	330	219
Other	-	-
Total	517	359

10) Information on deferred tax liabilities

The Bank has no deferred tax liability as of the balance sheet date (31 December 2020: None).

11. Information on payables for assets held for sale and discontinued operations

The Bank does not have any payables for assets held for sale and discontinued operations (31 December 2020: None).

12. Explanations on subordinated debts

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
From Domestic Banks	1.341.500	-	312.489	-
Domestic Other Organizations	-	1.314.363	-	768.037
From Foreign Banks	-	-	-	-
Overseas Other Organizations	-	-	-	-
Total	1.341.500	1.314.363	312.489	768.037

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation:	-	1.314.363	-	768.037
Subordinated Loans ^(*)	-	1.314.363	-	768.037
Equity-like Debt Instruments	-	-	-	-
Debt instruments to be included in Contribution Capital Calculation:	1.341.500	-	312.489	-
Subordinated Loans	1.341.500	-	312.489	-
Equity-like Debt Instruments	-	-	-	-
Total	1.341.500	1.314.363	312.489	768.037

^(*) The Bank provided subordinated loan from Turkey Wealth Funds Market Stability and Equalization Fund in the scope of additional main capital amounting to EUR 100.000 without demand and profit share which is approved by BRSA dated 22 April 2019. The Bank has calculated the fair value of the loan in accordance with TFRS 9 and TFRS 13 using the prices of similar financial instruments on the balance sheet date and reflected them to the financial statements.

13. If the other liabilities of the balance exceed 10% of the balance sheet total, the names and amounts of the sub-accounts constituting at least 20% of them

The amount of other liabilities of balance sheet does not exceed 10% of total amount of balance sheet.

14. Information on shareholders' equity

a) Presentation on paid-in capital:

	Current Period 31.12.2021	Prior Period 31.12.2020
Common stock	1.750.000	1.750.000
Preferred stock	-	-

b) Paid-in capital amount, explanation whether the registered capital system is applicable by the Bank, if so the registered capital ceiling amount

None.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period

None

d) Information on additions from capital reserves to capital in the current period

None.

e) Capital commitments in the last fiscal year and continue until the end of the following interim period, general purpose of these commitments and estimated resources required for these commitments

There is no capital commitments for the last financial year and the end of the following interim period (31 December 2020: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

f) Indicators of the Bank’s income, profitability and liquidity for the previous periods and possible effects of future assumptions based on the uncertainty of these indicators on the Bank’s equity

The Bank has no any uncertainty related to profitability and liquidity according to the prior period’s indicators (31 December 2020: None).

g) Summary information on privileges given to shares representing the capital

As of 31 December 2021, the Bank has no preferred shares (31 December 2020: None).

h) Disclosure of accumulated other comprehensive income or expenses to be reclassified to profit or loss

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	-	-	-	-
Revaluation Difference	-	-	-	-
Foreign Exchange Difference	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	43.265	(24.008)	(9.259)	(84)
Revaluation Difference	49.994	(24.008)	(12.063)	(84)
Deferred Tax Effect	(6.729)	-	2.804	-
Foreign Exchange Difference	-	-	-	-
Total	43.265	(24.008)	(9.259)	(84)

i) Profit reserves and profit distribution

Legal reserves are divided into first and second reserves in the Turkish Commercial Code (“TCC”). Primary legal reserves are separated from the profit at the rate of 5% until the total reserves reach 20% of the paid-in capital. Secondary legal reserves are allocated at the rate of 10% over cash profit distributions exceeding 5% of the paid-in capital.

At the Bank’s Ordinary General Assembly meeting held on 31 March 2021, it was decided to distribute the profit for 2020 as follows:

Profit distribution table for 2020:

Profit for the year 2020	638.562
A - 1 st Tier general legal reserves (TTK 519/A) 5%	31.928
B - First dividend to shareholders	-
C - Extraordinary reserves	606.634
D - Special funds	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ACCOUNTS

1. Explanations on off-balance sheet liabilities

a) Nature and amount of irrevocable loan commitments

	Current Period 31.12.2021	Prior Period 31.12.2020
Forward Asset Value Trading Commitments	553.864	155.132
Guaranteed Loan Allocation Commitments	-	-
Payment Commitments for Cheques	448.457	268.625
Tax and Fund Liabilities from Export Commitments	22.637	16.428
Commitments for Credit Card Expenditure Limits	141.095	48.071
Other Irrevocable Commitments	534.148	173.340
Commitment to Implementation of Promotions for Credit Card and Banking Services	265	1
Toplam	1.700.466	661.597

b) Nature and amount of possible losses and commitments arising from the off-balance sheet items including the below mentioned

The amount of provision for Stage 3 possible losses arising from the off-balance sheet items is TL 103.959 (31 December 2020: TL 65.327).

b.1) Non-cash loans including guarantees, acceptances, financial guarantees and other letter of credits

	Current Period 31.12.2021	Prior Period 31.12.2020
Guarantee Letters	22.059.849	12.574.368
Bank Acceptances	33.018	7.687
Letter of Credits	5.073.547	1.380.643
Other Contingencies	2.437.051	1.953.072
Total	29.603.465	15.915.770

b.2) Certain guarantees, temporary guarantees, surety ships and similar transactions

	Current Period 31.12.2021	Prior Period 31.12.2020
Letters of Temporary Guarantees	996.121	945.817
Letters of Certain Guarantees	9.823.046	6.505.269
Letters of Advance Guarantees	2.946.697	592.998
Letters of Guarantees given to Customs Offices	151.838	100.010
Other Letters of Guarantees	8.142.147	4.430.274
Total	22.059.849	12.574.368

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b.3) Total non-cash loans

	Current Period 31.12.2021	Prior Period 31.12.2020
Non-Cash Loans for Providing Cash Loans	8.142.586	4.430.274
With Original Maturity of One Year or Less	1.128.932	406.570
With Original Maturity of More than One Year	7.013.654	4.023.704
Other Non-Cash Loans	21.460.879	11.485.496
Total	29.603.465	15.915.770

c) Information on sectoral risk concentrations of non-cash loans

	Current Period 31.12.2021				Prior Period 31.12.2020			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	75.637	1	78.148	-	56.462	1	56.269	1
Farming and Raising Livestock	15.466	-	42.021	-	38.164	1	34.277	1
Forestry	59.898	1	3.036	-	18.243	-	-	-
Fishing	273	-	33.091	-	55	-	21.992	-
Manufacturing	1.749.611	21	13.418.916	63	1.295.191	19	6.285.349	69
Mining and Quarrying	25.037	-	96.213	-	21.053	-	60.462	1
Production	1.469.394	18	13.212.652	62	1.003.857	15	6.194.957	68
Electric, Gas and Water	255.180	3	110.051	1	270.281	4	29.930	-
Construction	4.184.044	51	2.878.530	13	3.522.025	51	836.526	9
Services	2.260.586	27	4.871.774	23	1.894.262	28	1.887.525	21
Wholesale and Retail Trade	1.580.186	19	2.885.471	14	1.334.199	20	1.053.809	12
Hotel, Food and Beverage Services	57.145	1	331.454	2	56.366	1	144.016	2
Transportation and Telecommunication	157.817	2	590.138	3	123.352	2	367.698	4
Financial Institutions	28.626	-	587.064	3	34.655	1	68.313	1
Real Estate and Leasing Services	317.124	4	220.123	1	293.691	3	222.510	2
Self-employment Services	88.008	1	2.167	-	-	-	-	-
Education Services	3.492	-	20.489	-	2.336	-	22.241	-
Health and Social Services	28.188	-	234.868	-	49.663	1	8.938	-
Other	1.294	-	84.925	1	71.342	1	10.819	-
Total	8.271.172	100	21.332.293	100	6.839.282	100	9.076.488	100

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

d) Information on non-cash loans classified in groups I and II:

	I. Group		II. Group	
	TL	FC	TL	FC
Non-cash Loans	8.196.018	20.989.658	75.154	342.635
Letters of Guarantee	8.161.670	13.480.390	75.154	342.635
Aval and Acceptance Loans	-	33.018	-	-
Letters of credit	20.348	5.053.199	-	-
Turnover	-	-	-	-
Our Guarantees for Purchase in Securities Issue	-	-	-	-
From Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	14.000	2.423.051	-	-

2. Explanations on derivative transactions:

	Current Period 31.12.2021	Prior Period 31.12.2020
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	3.270.985	7.281.799
Forward Foreign Exchange Transactions	1.501.702	2.183.637
Swap Money Exchange Transactions	1.769.283	5.098.162
Futures Money Transactions	-	-
Money Trading Options	-	-
Other Trading Derivative Transactions: (II)	-	-
A. Total Trading Derivative Transactions (I+II)	3.270.985	7.281.799
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Derivative Transactions for Total Hedging Purposes	-	-
Total Derivative Transactions (A + B)	3.270.985	7.281.799

The Bank has no derivative instruments for hedging purposes. There are no unrealized transactions, those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized, or expense and income from agreements in the income statement in the current period.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

Current Period 31.12.2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives:	1.458	9.225	(90.442)	-	-	(79.759)
- Inflow	298.367	744.421	552.825	-	-	1.595.613
- Outflow	(296.909)	(735.196)	(643.267)	-	-	(1.675.372)
Derivatives held for hedging						
Foreign exchange derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	298.367	744.421	552.825	-	-	1.595.613
Total Outflow	(296.909)	(735.196)	(643.267)	-	-	(1.675.372)
Prior Period 31.12.2020						
Derivatives held for trading						
Foreign exchange derivatives:	28.293	(14.906)	838	-	-	14.225
- Inflow	3.090.778	548.603	8.631	-	-	3.648.012
- Outflow	(3.062.485)	(563.509)	(7.793)	-	-	(3.633.787)
Derivatives held for hedging						
Foreign exchange derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	3.090.778	548.603	8.631	-	-	3.648.012
Total Outflow	(3.062.485)	(563.509)	(7.793)	-	-	(3.633.787)

3. Explanations on contingent assets and liabilities:

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

Payment obligation of the Parent Bank due to checks given to its customers is TL 448.457 (31 December 2020: TL 268.625).

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

4. Explanations on services in the name of others:

The Bank provides safe deposit box services on behalf of real and legal persons. The Bank does not provide consultancy and management services.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS

1. a) Information on profit share received from loans

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Profit share on loans ^(*)	3.912.737	804.787	2.650.825	487.882
Short term loans	1.109.447	124.627	688.309	102.573
Medium and long term loans	2.743.086	667.619	1.901.533	377.501
Profit share on non-performing loans	60.204	12.541	60.983	7.808
Premiums received from resource utilization support fund	-	-	-	-

(*) Includes fees and commissions income on cash loans.

b) Information on profit share income from banks

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	-	2.343	22.086	488
Foreign Banks	-	727	-	1.421
Head Office and Branches	-	-	-	-
Total	-	3.070	22.086	1.909

c) Information on profit share income from securities portfolio

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Financial Assets at Fair Value through Profit and Loss	2.605	19.023	7.457	-
Financial Assets at Fair Value through Other Comprehensive Income	622.760	62.480	525.705	34.947
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	-	94.465	-	40.460
Total	625.365	175.968	533.162	75.407

d) Information on profit share income received from associates and subsidiaries

None (31 December 2020: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. a) Information on profit share expense on borrowing

	Current Period 31.12.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Banks	47.048	27.585	100.342	55.051
Central Bank of the Republic of Turkey	-	-	2.428	-
Domestic Banks	33.323	16.756	5.625	39.332
Foreign Banks	13.725	10.829	92.289	15.719
Head Office and Branches	-	-	-	-
Other Institutions	729.349	102.262	327.137	43.679
Total	776.397	129.847	427.479	98.730

b) Information on profit share expense given to associates and subsidiaries

The amount of profit share expense given to associates and subsidiaries is TL 609.763 (31 December 2020: TL 327.137).

c) Information on profit share expense paid to securities issued

None (31 December 2020: None).

d) Presentation of dividends paid to participation accounts according to maturity structure

Current Period 31.12.2021	Participation Accounts						
	Account Name	1 month	3 months	6 months	1 year	Over 1 year	Total
Turkish Lira							
Funds Collected from Banks via Current and Participation Accounts	-	57.829	-	-	-	-	57.829
Real Person's Non Commercial Participation Accounts	102.498	693.543	5.776	7.809	34.135	843.761	
Public Sector Participation Accounts	60.337	88.787	22.329	22.150	-	193.603	
Commercial Sector Participation Accounts	188.337	1.331.341	56.678	38.494	15.827	1.630.677	
Other Institutions Participation Accounts	4.794	183.686	10.772	1.357	438	201.047	
Total	355.966	2.355.186	95.555	69.810	50.400	2.926.917	
Foreign Currency							
Funds Collected from Banks via Current and Participation Accounts	6	-	-	-	-	6	
Real Person's Non Commercial Participation Accounts	5.621	64.361	1.117	1.994	24.291	97.384	
Public Sector Participation Accounts	3	8	-	-	-	11	
Commercial Sector Participation Accounts	711	13.731	429	3.520	875	19.266	
Other Institutions Participation Accounts	1.647	59.735	4.197	3.093	112.923	181.595	
Public Sector Participation Accounts	-	8.036	622	116	203	8.977	
Total	7.988	145.871	6.365	8.723	138.292	307.239	
Grand Total	363.954	2.501.057	101.920	78.533	188.692	3.234.156	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period 31.12.2020 Account Name	Participation Accounts					
	1 month	3 months	6 months	1 year	Over 1 year	Total
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	-	14	-	-	-	14
Real Person's Non Commercial Participation Accounts	55.456	420.858	5.616	5.466	28.565	515.961
Public Sector Participation Accounts	31.401	42.276	8.558	19.858	5.455	107.548
Commercial Sector Participation Accounts	66.019	537.096	14.481	31.788	25.261	674.645
Other Institutions Participation Accounts	6.020	45.690	8.292	144	58	60.204
Total	158.896	1.045.934	36.947	57.256	59.339	1.358.372
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	-	-	-	-	-	-
Real Person's Non Commercial Participation Accounts	4.542	47.680	946	1.315	24.562	79.045
Public Sector Participation Accounts	6	32	-	-	-	38
Commercial Sector Participation Accounts	3.073	47.138	963	2.110	15.132	68.416
Other Institutions Participation Accounts	1	451	1	-	-	453
Public Sector Participation Accounts	2.573	-	-	-	-	2.573
Total	10.195	95.301	1.910	3.425	39.694	150.525
Grand Total	169.091	1.141.235	38.857	60.681	99.033	1.508.897

3. Information on dividend income:

As of 31 December 2021, the Bank has no dividend income (31 December 2020: 104).

4. a. Information on trading income/loss (net)

	Current Period 31.12.2021	Prior Period 31.12.2020
Income	8.833.644	13.705.661
Foreign exchange gains	87.306	13.423.821
Gain on derivative financial instruments	92.935	84.275
Gain on capital market transactions	8.653.403	197.565
Losses (-)	8.618.831	13.622.351
Foreign exchange losses	86.280	13.441.463
Losses on derivative financial instruments	158.796	159.863
Losses on capital market transactions	8.373.755	21.025
Net	214.813	83.310

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

b. Information on Profit/Loss on Derivative Financial Operations

	Current Period 31.12.2021	Prior Period 31.12.2020
Effect of the change in exchange rates on profit/loss	(65.861)	(75.588)
Total	(65.861)	(75.588)

5. Information on other operating income

Information on factors covering the recent developments which has significant effect on the Bank's income and the extent of effect on income

	Current Period 31.12.2021	Prior Period 31.12.2020
Correction Account for Previous Years Expenses ^(*)	528.904	215.301
Income from the Sale of the Asset	8.335	48.060
Provision for Communication Expenses	2.997	953
Checkbook Fees	516	392
Other	10.884	3.438
Total	551.636	268.144

^(*) 290.502 TL of the correction account for previous years expenses was paid for participation accounts reserve cancellations (31 December 2020 : 114.216 TL), 93.202 TL for securities impairment reserve cancellations (31 December 2020 : None) and 145.201 TL for loan free provision cancellations (31 December 2020: 101.085 TL).

6. Provision expenses for impairment on loans and other receivables

	Current Period 31.12.2021	Prior Period 31.12.2020
Expected Credit Loss	958.562	994.213
12 month expected credit loss (Stage 1)	192.329	124.815
Significant increase in credit risk (Stage 2)	168.067	269.250
Non-performing loans (Stage 3)	598.166	600.148
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets Fair Value Through Other Comprehensive Income	-	-
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control (Joint Ventures)	-	-
Other ^(*)	30.041	173.855
Total	988.603	1.168.068

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

7. Information on other operating expenses

	Current Period 31.12.2021	Prior Period 31.12.2020
Reserve for Employee Termination Benefits	7.447	5.620
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	60.799	50.519
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	17.926	14.184
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	178.182	131.289
Leasing Expenses Related to TFRS 16 Exceptions	1.184	584
Maintenance Expenses	23.383	23.158
Advertisement Expenses	54.501	34.332
Other Expenses	99.114	73.215
Loss on Sales of Assets	391	945
Other ^(*)	127.422	114.375
Total	392.167	316.932

^(*) The balance which forms the other item part, TL 68.457 (31 December 2020: TL 64.370), Saving Deposit Insurance Fund ("SDIF") premium and audit and consultancy service expenses, while TL 35.626 (31 December 2020: TL 39.026) consists of taxes, fees and funds and other service expenses.

8. Fees for Services Received from Independent Auditor/Independent Audit Firm

In accordance with the decision of the POA dated March 26, 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 over VAT excluded amounts.

	Current Period 31.12.2021	Prior Period 31.12.2020
Independent audit fee for the reporting period	732	433
Fees for tax advisory services	-	-
Fee for other assurance services	39	39
Fees for services other than independent auditing	-	-
Total^(*)	771	472

^(*) Relevant amounts are presented on a consolidated basis, including the Bank's subsidiaries.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

9. Information on profit/loss from continued and discontinued operations before taxes

As of 31 December 2021, the Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period 31.12.2021	Prior Period 31.12.2020
Net Profit Share Income	1.514.539	2.068.538
Net Fees and Commissions Income	147.334	92.541
Dividend Income	-	104
Trading Income/Expense (Net)	214.813	83.310
Other Operating Income	551.638	268.144
Expected Loss Provision (-)	958.562	994.213
Other Provision Expense (-)	30.041	173.855
Personnel Expense	317.383	235.155
Other Operating Expenses (-)	392.167	316.932
Income/(Loss) from Continuing Operations	730.171	792.482

10. Information on tax provision for continued and discontinued operations

As of 31 December 2021, the Bank's total tax provision expense amounting to TL 171.481 (31 December 2020: TL 153.920) consists of TL 373.740 (31 December 2020: TL 201.535) of current tax expense and TL 202.259 (31 December 2020: TL 47.615) of deferred tax expense.

11. Explanation on net income/loss for the period for continuing and discontinued operations

The Bank's net operating income after tax amounts to TL 558.689 (31 December 2020: TL 638.562 net profit).

12. Explanation on net profit/loss

a) Nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for the understanding the performance of the Bank in the current period

The Bank mainly utilizes its resources from domestic current and profit shares, securities and interbank operations. Besides, it obtains income via commissions taken from non-cash loans, other banking operations.

b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period.

13. If other items in the income statement exceed 10% of the income statement total, sub-accounts constituting at least 20% of these items are shown below

None (31 December 2020: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS’ EQUITY

a) Explanations on Profit Distribution:

In accordance with the profit distribution decision taken at the Ordinary General Assembly meeting of the Bank for the year 2020 held on 31 March 2021, 5% of the balance sheet profit of TL 638.562 for 2020 will be set aside as general legal reserves of TL 31.928, and the remaining TL 606.634 after the distributions will be left within the Bank. being followed in the profits of years; in accordance with the Turkish Financial Reporting Standard regulations called “TFRS-9 Financial Instruments”, which started to be implemented as of January 1, 2018, it has been decided to leave the TL 2.568, which is due to the recalculation of the provisions.

No decision has been taken regarding the distribution of profits as of the date the financial reports were prepared.

b) Explanations on Financial Assets at Fair Value through Other Comprehensive Income:

Information on financial assets at fair value through other comprehensive income is presented in the fifth section, footnote 1.4-b.

c) Profit Reserves:

As of the balance sheet date, the profit reserves were 1.739.171 TL, legal reserves were 92.316 TL, extraordinary reserves were 1.600.788 TL, and other profit reserves were 46.067 TL.

d) Explanations on Previous Period Profit/Loss:

As of 31 December 2021, the Bank has no prior period profit or loss.

VI. EXPLANATIONS ON CASH FLOW STATEMENTS

1. Explanations on the “Other” items and “The Effect Of The Change in Foreign Currency on Cash and Cash Equivalent” item in the Cash Flow Statement:

5.319.303 TL of the 1.476.308 TL amount related to the operating profit before the change in the assets and liabilities of the banking activity, mainly from loans and profit share income from securities and financial leases, 3.939.158 TL mostly from deposits and profit share given to loans used. consists of expenses. Other earnings mainly include net fee and commission income and commercial profit and loss income.

The effect of the change in the exchange rate on cash and cash equivalents has been determined as 207.266 TL as of 31 December 2021 (31 December 2020: 1.456.262 TL).

Cash and cash equivalents are defined as cash and cash equivalents, such as cash, effective deposits, free accounts of the Central Bank of the Republic of Turkey, money in transit, purchased bank checks, money market transactions and time deposits with an original maturity of up to 3 months.

Period opening and end cash and cash equivalents balance

	Current Period 31.12.2021	Prior Period 31.12.2020
Cash in TL and in Foreign Currency	1.559.762	279.899
Central Bank of the Republic of Turkey and Other Banks	6.499.696	4.490.864
Money Market Operations	-	-
Total Cash and Cash Equivalents	8.059.458	4.770.763

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

VII. EXPLANATIONS AND NOTES RELATED TO THE RISK GROUP OF THE BANK

1) a) Information on the volume of transactions relating to the Bank’s risk group, outstanding loans and funds collected and income and expenses for the period

Current Period

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	540	-	-	-
Balance at end of period	-	-	1.646	-	-	-
Profit share and commission income	-	-	-	-	-	-

Prior Period

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	3.097.903	-	-	-
Balance at end of period	-	-	540	-	-	-
Profit share and commission income	-	-	3.356	-	-	-

b) Current and participation account held by the Bank’s risk group

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at the beginning of period	-	-	2.715	59.324	-	-
Balance at the end of period	-	-	-	2.715	-	-
Participation Accounts	-	-	300	21	-	-
Profit Share Expenses	-	-	-	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

c) Information on loans taken from the risk group of the Bank

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and participation accounts						
Balance at the beginning of period	3.950.000	2.450.000	560.325	791.393	-	-
Balance at the end of period	4.050.000	3.950.000	484.397	560.325	-	-
Participation Accounts						
Profit Share Expenses	609.763	329.385	14.156	26.670	-	-

2) Information on forward transactions, option contracts and other similar contracts with the Bank’s risk group

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss	-	-	-	-	-	-
Balance at the beginning of period	-	-	2.153.566	2.383.936	-	-
Balance at the end of period	-	-	1.708.791	2.153.566	-	-
Total Profit/Loss	-	-	863	230.370	-	-
Hedging transactions	-	-	-	-	-	-
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

3) Information on the fees paid to the top management of the bank

The total amount of benefits provided to the Parent Bank’s Senior Management is TL 8.285 (31 December 2020: TL 6.104).

VIII. SIGNIFICANT EVENTS AND MATTERS ARISING SUBSEQUENT TO BALANCE SHEET DATE

None.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. INFORMATION ON THE BANK’S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Fitch Ratings: 14 December 2020	Note	Explanation
Foreign Currency Long Term Credit Rating	B+	It is very speculative under the investment class
Foreign Currency Short Term Credit Rating	B	It is very speculative under the investment class
Local Currency Long Term Credit Rating	BB-	It is speculative under the investment class.
Local Currency Short Term Credit Rating	B	It is very speculative under the investment class
National Long Term Credit Rating Support	AA(tur) 4	It is a high level investment grade. The possibility of external support is limited.

II. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDIT REPORT

I. MATTERS TO BE EXPLAINED ON THE INDEPENDENT AUDITOR’S REPORT

The unconsolidated financial statements prepared as of 31 December 2021 and for the fiscal period ending on the same date have been audited by PwC Bağımsız Denetim ve SMMM A.Ş. and presented preceding the unconsolidated financial statements of independent auditors’ report dated 14 February 2022.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.