

**TURKLAND BANK ANONİM ŐİRKETİ
INDEPENDENT AUDITOR'S REPORT,
UNCONSOLIDATED FINANCIAL STATEMENTS
AND NOTES FOR THE PERIOD ENDED 31 DECEMBER 2021**

*Translated into English from the report and financial
statements originally issued in Turkish*

**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH)
INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Turkland Bank A.Ş.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Turkland Bank A.Ş. (“the Bank”), which comprise the statement of financial position as at 31 December 2021, and the statement of income, statement of income and expense items accounted for under shareholders' equity, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Opinion

We conducted our audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the *Code of Ethics for Independent Auditors* (“Code of Ethics”) published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 matter was addressed in the audit
<p data-bbox="145 309 722 369">Impairment of loans in accordance with TFRS 9</p> <p data-bbox="145 405 722 633">The Bank started to recognize provisions for impairment in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750.</p> <p data-bbox="145 672 722 900">The Bank has the total loans amounting to TL 2,690,687 thousand, which comprise 52.98% of the Bank’s total assets in its financial statements as at 31 December 2021 and the total provision for impairment is TL 355,258. The explanations relating to the impairment of loans are presented in Section 5 Note I.5.</p> <p data-bbox="145 938 722 1238">The Bank exercises significant decisions using judgement, interpretation and assumptions during calculating loan impairments. These judgements, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans. In addition, impairment of loans and receivables consist of significant judgments and assumptions regarding with Covid 19 effects.</p> <p data-bbox="145 1274 722 1503">There is a potential risk of not meeting the requirements of the TFRS 9. Failure in determining the loans that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans is considered as a key audit matter.</p>	<p data-bbox="754 338 1366 398">As part of our audit work, the following procedures were performed:</p> <p data-bbox="754 434 1366 566">We reviewed the Bank's policy on the classification of financial assets and financial liabilities in accordance with TFRS 9 and compared with the requirements of TFRS 9.</p> <p data-bbox="754 602 1366 763">We assessed and tested the design considering effects of Covid-19, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of impairments.</p> <p data-bbox="754 799 1366 994">We performed loan review procedures on selected samples of loans with the objective of identifying whether the loss event had occurred and whether the provision for impairment was recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p data-bbox="754 1030 1366 1462">We tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable regarding with Covid 19 effects, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p data-bbox="754 1498 1366 1559">We tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p data-bbox="754 1594 1366 1655">Our specialists were involved in all procedures related to models and assumptions.</p> <p data-bbox="754 1691 1366 1823">We audited disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loans and related impairment provisions.</p>

Key Audit Matters	How the matter was addressed in the audit
<p><i>Audit of information technology</i></p> <p>The Bank is dependent on Information technologies (“IT”) infrastructure for the continuity of its operations and financial operations, and the demand for technology-supported services in the Bank is rapidly increasing. Controls over the reliability and continuity of electronic data processing are within the scope of information systems internal controls audit. With the Bank's dependence on information systems, the controls regarding the access rights, the continuity of the systems, the privacy and integrity of the electronic data are of critical importance, and the scope is created according to these priorities in the risk-based audit plan and audit is applied according to the relevant scope.</p>	<p>The procedures carried out within the scope of our information technology audit works:</p> <ul style="list-style-type: none"> • The Bank's controls on information systems have been determined, understood and tested by us with a risk-based approach. • Information Technology Audit includes important information systems layers (applications, databases, operating systems and network levels) in terms of financial statements that play a role in the formation, transmission and storage of data. The information systems controls we tested are generally categorized in the areas listed below: <ul style="list-style-type: none"> • Access Security • Change Management • Data Center and Network Operations • As high-risk control areas, creating and monitoring audit trails at database and application levels and change management control activities have been determined for preventing and restraining unauthorized access to financial data. • The management of audit trails and controls for access management have been tested for all applications that have direct or indirect impact on financial data. • Automatic controls and integration controls have been tested in order to understand the basis of the financial data formation process and to detect changes and accesses. • In addition, tests have been carried out regarding the completeness and accuracy of the reports that provided input to the controls and was produced by IT components. <p>In addition, the controls regarding the database, network and operating system levels of the applications within the scope have been tested.</p>

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

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

In preparing the 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 Financial Statements

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

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

As part of an audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January - 31 December 2021 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mjde Aslan.

DRT BAĐIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Mjde Aslan
Partner

İstanbul, 18 March 2022

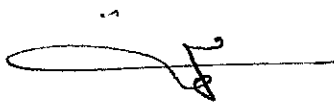
**THE UNCONSOLIDATED FINANCIAL AUDIT REPORT OF TURKLAND BANK A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2021**

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Web Site : <http://www.turklandbank.com>
E-mail Address : t-bank@turklandbank.com

The unconsolidated financial report for the twelve months prepared in accordance with "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" as regulated by the Banking Regulation and Supervision Agency includes the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELEVANT PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR'S REPORT

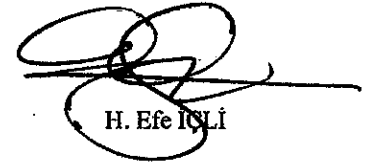
The unconsolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in thousands of Turkish Lira, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting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



Mohammad Abdel-Fattah Hamad
ALGHANAMAH
Vice Chairman of the
Board of Directors



Servet TAZE
General Manager



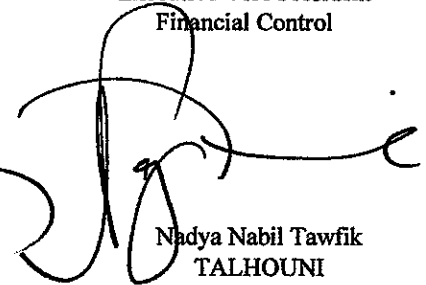
H. Efe İSLİ
Executive Vice President
Financial Control



Tania
MOUSSALLEM
Chairman of Audit Committee



Mustafa Selçuk
TAMER
Member of Audit Committee



Nadya Nabil Tawfik
TALHOUNI
Member of Audit Committee

Information related to responsible personnel for the questions that can be raised about financial statements:

Name-Surname / Title : Sevgi Üstün / Assistant Manager
Telephone Number : (0212) 368 37 24
Fax Number : (0212) 368 35 35

Translated into English from the report and financial statements originally issued in Turkish

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

Turkland Bank Anonim Şirketi ("the Bank"), was established in 1991 in İstanbul under the name of "Bahreyn ve Kuveyt Bankası Anonim Şirketi" (BB&K). Its name was changed as "Tasarruf ve Kredi Bankası Anonim Şirketi" with its acquisition by Doğu Group in 1992. After the change in the name of the bank as "Garanti Yatırım ve Ticaret Bankası Anonim Şirketi" in 1994, Mehmet Nazif Günel (the main shareholder of MNG Group Companies) has acquired the Bank in 1997 and the name of the Bank has been changed as "MNG Bank Anonim Şirketi".

An agreement has been made with Arab Bank and BankMed for the sale of 91% of MNG Bank's shares in mid of 2006 and this agreement was approved by Banking Regulation and Supervision Agency (BRSA) on 29 December 2006. In this regard, while Arab Bank and BankMed purchasing 50% and 41% of MNG bank shares respectively, Mehmet Nazif Günel retained 9% of the shares. Transfer of the Bank was made on 29 January 2007. The title of the Bank was changed as "Turkland Bank Anonim Şirketi" with the amendment to the Articles of Association by the decision of the Extraordinary General Assembly at the meeting on 22 March 2007.

On 3 April 2007, "MNG BANK Anonim Şirketi" title of the bank was registered as "TURKLAND BANK Anonim Şirketi".

According to the Share Sale and Purchase Agreement and Board of Directors' Decision dated 26 February 2010 and 15 July 2010, respectively, Mehmet Nazif Günel's 153 million shares with TL 15,300 nominal value were transferred to BankMed SAL. As of 22 July 2010, the share transfer was realized.

According to the Extraordinary General Assembly decision dated 30 May 2011, it was decided to increase the Bank's capital from TL 170 million to TL 300 million, and it was registered in the Turkish Trade Registry Gazette dated 20 June 2011 numbered 7840. According to the BRSA approval dated 15 September 2011 numbered 4381 the unused pre-emptive right of Arab Bank Plc amounting to TL 65 million have been used by Arab Bank (Switzerland) Ltd (ABS). Capital commitments paid by shareholders, according to the BRSA decision dated 20 October 2011 numbered 22244, have been transferred to the capital accounts.

According to the Ordinary General Assembly decision dated 18 April 2013, it has been decided to increase the Bank's paid in capital from TL 300 million to TL 500 million. According to the Ordinary General Assembly decree dated 15 April 2014, it was decided to increase the Bank's paid in capital from TL 500 million to TL 650 million.

In accordance with the BRSA's approval letter dated 7 May 2019, 16.67% of the shares of Arab Bank (Switzerland) Ltd (ABS), one of the shareholders of the Bank, was transferred to Arab Bank Plc. which is the other shareholder of the Bank.

Capital increase and decrease of 30 million USD additional capital as 164 million TL has been realized simultaneously on 25 September 2019 with the approval of BRSA on 2 August 2019.

According to the Extraordinary General Assembly decree dated 17 February 2020, it was decided to increase the Bank's paid in capital from TL 650 million to TL 1,000 million with the approval of BRSA dated 29 January 2020 numbered 1027. The amount has been transferred to capital accounts as of 4 March 2020 with the approval of BRSA dated 3 March 2020 numbered 2400.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year

Name/Title	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares
ARAB BANK PLC	499,999.99	%50,0	499,999.99	-
BANKMED, SAL	499,999.99	%50,0	499,999.99	-
OTHER	<1	%0,0	<1	-
Total	1,000,000.00	%100.0	1,000,000.00	-

As of 31 December 2021, the nominal value of the Bank's capital is TL 1,000,000 and consists of 1,000 million shares.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares and Areas of Responsibility in the Bank

<u>Title</u>	<u>Name and Surname (*)</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors	MICHEL ANTOINE ACCAD	Chairman	MASTER DEGREE
Members of the Board of Directors	MOHAMMAD ABDEL-FATTAH HAMAD AL GHANAMAH	Vice Chairman/Member of Audit Committee	BACHELOR'S DEGREE
	TANIA MOUSSALLEM	Chairman of Audit Committee	BACHELOR'S DEGREE
	NADYA NABIL TAWFIK TALHOUNI	Member of Audit Committee	BACHELOR'S DEGREE
	MUSTAFA SELÇUK TAMER	Member of Audit Committee	BACHELOR'S DEGREE
	SAAD EDDINE EL ZEIN HAITHAM HELMI MOHAMMAD FOUDEH	Member	MASTER DEGREE BACHELOR'S DEGREE
Member of Board of Directors and General Manager	SERVET TAZE	General Manager	BACHELOR'S DEGREE
Assistant General Mangers	BENAN BAŞAK	Close Monitoring and Legal Follow-up Corporate and Commercial Banking	MASTER DEGREE
	UMUT ÜLBEGİ (**)		MASTER DEGREE
	SARUHAN DOĞAN	Treasury and Financial Institutions	MASTER DEGREE
	ALİ HAS	Operations and IT	MASTER DEGREE
	HAKKI EFE İÇLİ	Financial Control	BACHELOR'S DEGREE

(*) The above stated persons do not have any shares in Bank.

(**) As of 30 April 2021, Yasemin Altunbaş Otluoğlu left her position. As of 1 May 2021, Umut Ülbegi was appointed as Corporate and Commercial Banking.

IV. Information About the Persons and Institutions That Have Qualified Shares

Information about the persons and institutions that have qualified shares as of 31 December 2021:

<u>Name/Title</u>	<u>Share Amount</u>	<u>Share Ratios</u>	<u>Paid up Shares</u>	<u>Unpaid Shares</u>
ARAB BANK PLC	499,999.99	50.0%	499,999.99	-
BANKMED, SAL	499,999.99	50.0%	499,999.99	-

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

V. Summary on the Bank's Functions and Areas of Activity

The Bank has 14 branches and 299 personnel. The Bank does not have any subsidiaries (31 December 2020: 14 branches, 303 personnel).

The Bank established with private capital, has the authority to accept deposits and its operations are mostly based on retail and corporate banking transactions. As it is indicated in Articles of Association, the Bank is mainly dealing with the transactions below:

- a. Acceptance of Deposit
- b. Corporate and Retail Banking
- c. Foreign Trade
- d. Capital Market Transactions
- e. Bank Assurance

VI. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to full consolidation method or proportional consolidation and institutions, which are deducted from equity or not included in these three methods

None.

VII. The existing or potential, actual or legal obstacles on the transfer of shareholder's equity between the Bank and its subsidiaries or reimbursement of liabilities

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)**
- II. Statement of Off Balance Sheet Items**
- III. Statements of Income**
- IV. Statement of Profit or Loss and Other Comprehensive Income**
- V. Statement of Changes in Shareholders' Equity**
- VI. Statement of Cash Flows**
- VII. Statement of Profit Distribution**

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2021 AND 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

ASSETS	Note (Section Five)	Audited			Audited		
		Current Period			Prior Period		
		31.12.2021	31.12.2020	Total	31.12.2021	31.12.2020	Total
I. FINANCIAL ASSETS (NET)		151,824	1,389,504	1,541,328	258,685	638,001	896,686
1.1 Cash and cash equivalents		145,901	1,389,490	1,535,391	258,547	637,993	896,540
1.1.1 Cash and Balances With The Central Bank of Turkey	I-1	145,842	575,955	721,797	44,069	273,402	317,471
1.1.2 Banks	I-3	169	813,535	813,704	2,460	327,543	330,003
1.1.3 Money Market Placements		-	-	-	212,104	37,048	249,152
1.1.4 Expected Credit Losses (-)		(110)	-	(110)	(86)	-	(86)
1.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Share Certificates		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Fair Value Financial Assets Through Other Comprehensive Income	I-4	138	14	152	138	8	146
1.3.1 Government Debt Securities		-	14	14	-	8	8
1.3.2 Share Certificates		138	-	138	138	-	138
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	I-2	5,785	-	5,785	-	-	-
1.4.1 Part of Derivative Financial Assets at Fair Value through Profit or Loss		5,785	-	5,785	-	-	-
1.4.2 Fair Value Differences of Derivative Financial Assets through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		2,450,318	745,091	3,195,409	1,235,752	464,769	1,700,521
2.1 Loans	I-5	1,945,596	745,091	2,690,687	1,712,362	464,769	2,177,131
2.2 Finance Lease Receivables		-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Financial Assets Measured at Amortized Cost	I-6	859,980	-	859,980	19,661	-	19,661
2.4.1 Government Debt Securities		859,980	-	859,980	19,661	-	19,661
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Provisions for Expected Loss (-)		(355,258)	-	(355,258)	(496,271)	-	(496,271)
III. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)		103,104	-	103,104	179,054	-	179,054
3.1 Held for Sale	I-16	103,104	-	103,104	179,054	-	179,054
3.2 Discontinued Operations		-	-	-	-	-	-
IV. PARTNERSHIP INVESTMENTS		7,659	-	7,659	7,659	-	7,659
4.1 Investments in Associates (Net)	I-7	7,659	-	7,659	7,659	-	7,659
4.1.1 Accounted with Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated		7,659	-	7,659	7,659	-	7,659
4.2 Investments in Subsidiaries (Net)	I-8	-	-	-	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Entities under Common Control (Net)	I-9	-	-	-	-	-	-
4.3.1 Accounted with Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated		-	-	-	-	-	-
V. PROPERTY, PLANT AND EQUIPMENT (Net)	I-12	29,578	-	29,578	42,326	-	42,326
VI. INTANGIBLE ASSETS (Net)	I-13	13,539	-	13,539	8,796	-	8,796
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		13,539	-	13,539	8,796	-	8,796
VII. INVESTMENT PROPERTY (Net)	I-14	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		557	-	557	1,417	-	1,417
IX. DEFERRED TAX ASSET	I-15	28,027	-	28,027	43,205	-	43,205
X. OTHER ASSETS (Net)	I-17	60,705	98,129	158,834	125,675	62,367	188,042
TOTAL ASSETS		2,845,311	2,232,724	5,078,035	1,902,569	1,165,137	3,067,706

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2021 AND 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. BALANCE SHEET – LIABILITIES (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Note (Section Five)	Audited			Audited		
		Current Period 31.12.2021			Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	II-1	1,355,711	2,098,129	3,453,840	1,131,927	1,148,071	2,279,998
II. FUNDS BORROWED	II-3	-	-	-	262	-	262
III. PAYABLES TO MONEY MARKET		710,913	-	710,913	34,044	-	34,044
IV. ISSUED SECURITIES (Net)		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-2	2,779	-	2,779	-	-	-
7.1 Part of Derivative Financial Assets at Fair Value through Profit or Loss		2,779	-	2,779	-	-	-
7.2 Fair Value Differences of Derivative Financial Assets through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. FINANCE LEASE PAYABLES (Net)	II-6	17,219	-	17,219	32,803	-	32,803
X. PROVISIONS	II-8	157,874	4,234	162,108	142,227	2,322	144,549
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Provision for Employee Benefits		20,764	-	20,764	14,413	-	14,413
10.3 Provisions for Insurance Technical (Net)		-	-	-	-	-	-
10.4 Other Provisions		137,110	4,234	141,344	127,814	2,322	130,136
XI. CURRENT TAX LIABILITY	II-9	9,353	-	9,353	6,021	-	6,021
XII. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED LOANS		-	-	-	-	-	-
14.1 Loans		-	-	-	-	-	-
14.2 Other		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-5	130,457	53,502	183,959	67,338	21,700	89,038
XVI. SHAREHOLDERS EQUITY	II-12	537,864	-	537,864	480,991	-	480,991
16.1 Paid-in Capital		1,000,000	-	1,000,000	1,000,000	-	1,000,000
16.2 Capital Reserves		25,430	-	25,430	25,430	-	25,430
16.2.1 Share Issue Premiums		-	-	-	-	-	-
16.2.2 Share Reversal Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		25,430	-	25,430	25,430	-	25,430
16.3 Other Accumulated Comprehensive Income or Expenses that will not Reclassified to Profit or Loss		(365)	-	(365)	3,032	-	3,032
16.4 Other Accumulated Comprehensive Income or Expenses that will Reclassified to Profit or Loss		-	-	-	-	-	-
16.5 Profit Reserves		(547,471)	-	(547,471)	(466,167)	-	(466,167)
16.5.1 Legal Reserves		6,336	-	6,336	5,332	-	5,332
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		(525,900)	-	(525,900)	(443,592)	-	(443,592)
16.5.4 Other Profit Reserves		(27,907)	-	(27,907)	(27,907)	-	(27,907)
16.6 Profit or Loss		60,270	-	60,270	(81,304)	-	(81,304)
16.6.1 Prior Years' Profit/(Loss)		-	-	-	(101,384)	-	(101,384)
16.6.2 Net Profit or Loss for the Period		60,270	-	60,270	20,080	-	20,080
16.7 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		2,922,170	2,155,865	5,078,035	1,895,613	1,172,093	3,067,706

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2021 AND 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. STATEMENT OF OFF-BALANCE SHEET ITEMS

OFF BALANCE SHEET ITEMS	Note (Section Five)	Audited			Audited		
		Current Period			Prior Period		
		31.12.2021	31.12.2020	Total	31.12.2021	31.12.2020	Total
A. OFF-BALANCE SHEET LIABILITIES (I+II+III)		456,537	1,421,704	1,878,241	436,166	896,853	1,332,719
I. GUARANTEES AND SURETIES	III-1	344,164	1,311,552	1,655,716	414,947	893,685	1,308,632
1.1. Letters of Guarantee		297,964	191,132	489,096	378,197	165,779	543,976
1.1.1. Guarantees Subject to State Tender Law		3,593	432	4,025	5,146	237	5,383
1.1.2. Guarantees Given for Foreign Trade Operations		3,472	9,568	13,040	17,048	9,797	26,845
1.1.3. Oer Letters of Guarantee		290,899	181,132	472,031	356,003	155,745	511,748
1.2. Bank Loans		-	3,344	3,344	-	-	-
1.2.1. Import Letter of Acceptance		-	3,344	3,344	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	218,043	218,043	-	45,744	45,744
1.3.1. Documented Letters of Credit		-	218,043	218,043	-	45,744	45,744
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Guaranteed Prefinancings		-	-	-	-	-	-
1.5. Endorsements		46,200	899,033	945,233	36,750	682,162	718,912
1.5.1. Endorsements to the Central Bank of Turkey		-	899,033	899,033	-	682,162	682,162
1.5.2. Other Endorsements		46,200	-	46,200	36,750	-	36,750
1.6. Underwriting Commitments		-	-	-	-	-	-
1.7. Factoring related Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	III-1	30,351	33,949	64,300	21,219	2,868	24,087
2.1. Irrevocable Commitments		30,351	33,949	64,300	21,219	2,868	24,087
2.1.1. Asset Purchase and Sale Commitments		14,619	33,949	48,568	1,600	2,868	4,468
2.1.2. Deposit Purchase and Sale Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Affiliates		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		489	-	489	1,333	-	1,333
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Choque Payments		15,243	-	15,243	18,286	-	18,286
2.1.8. Tax and Fund Obligations on Export Commitments Yüknütlükleri		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Related		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12. Payables from Short Sale Commitments		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	-	-	-	-	-
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	III-2	82,022	76,203	158,225	-	-	-
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedging		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedging		-	-	-	-	-	-
3.1.3. Transactions for Hedging the Risk of Net Investments Abroad		-	-	-	-	-	-
3.2. Trading Transactions		82,022	76,203	158,225	-	-	-
3.2.1. Forward Foreign Currency Purchases/Sales		82,022	76,203	158,225	-	-	-
3.2.1.1. Forward Foreign Currency Purchases		82,022	-	82,022	-	-	-
3.2.1.2. Forward Foreign Currency Sales		-	76,203	76,203	-	-	-
3.2.2. Currency and Interest Rate Swaps		-	-	-	-	-	-
3.2.2.1. Currency Swaps-Purchases		-	-	-	-	-	-
3.2.2.2. Currency Swaps-Sales		-	-	-	-	-	-
3.2.2.3. Swap Interest Purchase Transactions		-	-	-	-	-	-
3.2.2.4. Swap Interest Sale Transactions		-	-	-	-	-	-
3.2.3. Currency, Interest and Security Options		-	-	-	-	-	-
3.2.3.1. Currency Call Options		-	-	-	-	-	-
3.2.3.2. Currency Put Options		-	-	-	-	-	-
3.2.3.3. Interest Call Options		-	-	-	-	-	-
3.2.3.4. Interest Put Options		-	-	-	-	-	-
3.2.3.5. Security Call Options		-	-	-	-	-	-
3.2.3.6. Security Put Options		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Futures-Purchases		-	-	-	-	-	-
3.2.4.2. Currency Futures-Sales		-	-	-	-	-	-
3.2.5. Interest Futures		-	-	-	-	-	-
3.2.5.1. Interest Futures-Purchases		-	-	-	-	-	-
3.2.5.2. Interest Futures-Sales		-	-	-	-	-	-
3.2.6. other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		9,770,847	4,285,782	14,056,629	9,680,606	2,595,219	12,275,825
IV. ITEMS HELD IN CUSTODY		565,331	94,472	659,803	397,584	14,310	411,894
4.1. Customer Fund and Portfolio Assets		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		74,071	1,216	75,287	25,061	667	25,728
4.3. Checks Received for Collection		491,133	93,121	584,254	371,515	13,643	385,158
4.4. Commercial Checks Received for Collection		127	135	262	1,008	-	1,008
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received through Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		9,205,516	4,191,310	13,396,826	9,283,022	2,580,909	11,863,931
5.1. Securities		-	-	-	-	-	-
5.2. Guarantee Notes		1,622	-	1,622	6,257	-	6,257
5.3. Commodities		1,646	-	1,646	1,646	-	1,646
5.4. Warranties		-	-	-	-	-	-
5.5. Real Estates		1,169,025	45,158	1,214,183	1,143,884	63,458	1,207,342
5.6. Other Pledged Items		8,033,223	4,146,152	12,179,375	8,131,235	2,517,451	10,648,686
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		10,227,384	5,707,486	15,934,870	10,116,772	3,491,772	13,608,544

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. STATEMENTS OF INCOME

INCOME AND EXPENSE ITEMS	Note (Section Five)	Audited	Audited
		Current Period 01.01 - 31.12.2021	Prior Period 01.01 - 31.12.2020
I. INTEREST INCOME	IV-1	383,036	267,415
1.1 Interest on Loans		306,257	216,800
1.2 Interest Received from Reserve Deposits		8,950	629
1.3 Interest Received from Banks		7,841	7,340
1.4 Interest Received from Money Market Placements		3,966	15,512
1.5 Interest Received from Marketable Securities Portfolio		54,481	26,422
1.5.1 Financial Assets at Fair Value through Profit and Loss		-	744
1.5.2 Fair Value Financial Assets through Other Comprehensive Income		1	1,216
1.5.3 Financial Assets Measured at Amortized Cost		54,480	24,462
1.6 Financial Lease Interest Income		-	-
1.7 Other Interest Income		1,541	712
II. INTEREST EXPENSE (-)	IV-2	(252,092)	(162,070)
2.1 Interest on Deposits		(210,577)	(135,901)
2.2 Interest on Funds Borrowed		(4)	(382)
2.3 Interest on Money Market Borrowings		(33,431)	(2,652)
2.4 Interest on Securities Issued		-	-
2.5 Lease Interest Expense		(4,678)	(7,063)
2.6 Other Interest Expense		(3,402)	(16,072)
III. NET INTEREST INCOME/EXPENSE (I - II)		130,944	105,345
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		19,054	21,616
4.1 Fees and Commissions Received		22,236	24,106
4.1.1 Non-cash Loans		20,637	22,202
4.1.2 Other	IV-12	1,599	1,904
4.2 Fees and Commissions Paid (-)		(3,182)	(2,490)
4.2.1 To Non-Cash Loans		(397)	(237)
4.2.2 Other	IV-12	(2,785)	(2,253)
V. DIVIDEND INCOME	IV-3	28	37
VI. TRADE PROFIT/LOSS (Net)	IV-4	1,323	(5,355)
6.1 Capital Market Transactions Profit/Loss		-	(1,016)
6.2 Derivative Financial Transactions Profit/Loss		4,336	37,840
6.3 Foreign Exchange Profit/Loss		(3,013)	(42,179)
VII. OTHER OPERATING INCOME	IV-5	89,703	41,148
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		241,052	162,791
IX. EXPECTED CREDIT LOSS PROVISIONS (-)	IV-6	134,092	88,898
X. OTHER PROVISIONAL EXPENSES (-)		-	-
XI. PERSONNEL EXPENSES (-)		(113,387)	(87,334)
XII. OTHER OPERATING EXPENSES (-)	IV-7	(186,309)	(125,219)
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		75,448	39,136
XIV. AMOUNT IN EXCESS RECOGNISED AS GAIN AFTER MERGER		-	-
XV. PROFIT/LOSS ON EQUITY METHOD		-	-
XVI. PROFIT/LOSS ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	IV-8	75,448	39,136
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-9	(15,178)	(19,056)
18.1 Provision for Current Income Taxes		-	-
18.2 Deferred Tax Expense Effect (+)		(15,178)	(19,056)
18.3 Deferred Tax Income Effect (+)		-	-
XIX. NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	IV-10	60,270	20,080
XX. INCOME ON DISCONTINUED OPERATIONS		-	-
20.1 Income on Assets Held for Sale		-	-
20.2 Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
20.3 Income on Other Discontinued Operations		-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Income on Assets Held for Sale		-	-
21.2 Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
21.3 Income on Other Discontinued Operations		-	-
XXII. PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Provision for Current Income Taxes		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (+)		-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS(XXII±XXIII)	IV-10	-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	IV-11	60,270	20,080
25.1 Profit /Loss of the Group		-	-
25.2 Minority Shareholders Profit / Loss (-)		-	-
Earnings Per Share Profit / Loss		-	-

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited Current Period 01.01 -31.12.2021	Audited Prior Period 01.01 -31.12.2020
I. PROFIT/LOSS FOR THE PERIOD	69,270	20,080
II. OTHER COMPREHENSIVE INCOME	(3,397)	(1,466)
2.1 Items Not to be Reclassified to Profit or Loss	(3,397)	(1,466)
2.1.1 Increases/Decreases in Revaluation of Tangible Assets	-	-
2.1.2 Increases/Decreases in Revaluation of Intangible Assets	-	-
2.1.3 Defined Benefit Plans Remeasurement Gains/Losses	(3,397)	(1,466)
2.1.4 Other Items of Comprehensive Income Not to be Reclassified as Other Profit or Loss	-	-
2.1.5 Taxes on Other Comprehensive Income Not to be Reclassified to Profit or Loss	-	-
2.2 Items to be Reclassified to Profit or Loss	-	-
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Classification Income/Expense of Financial Assets at Fair Value Through Other Comprehensive Income	-	-
2.2.3 Cash Flow Hedging Income/Expense	-	-
2.2.4 Hedging Income/Expense on Investment Risk Related to the Operation Abroad	-	-
2.2.5 Other Items of Comprehensive Income to be Reclassified as Other Profit or Loss	-	-
2.2.6 Taxes on Other Comprehensive Income to be Reclassified to Profit or Loss	-	-
III. TOTAL COMPREHENSIVE INCOME (I+II)	56,873	18,614

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

		Audited		
		Note	Current Period	Prior Period
			01.01-31.12.2021	01.01-31.12.2020
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		117,600	
1.1.1	Interest Received	365,496	308,957	
1.1.2	Interest Paid	(248,567)	(171,202)	
1.1.3	Dividend Received	28	37	
1.1.4	Fees and Commissions Received	20,028	25,789	
1.1.5	Other Income	60,033	61,560	
1.1.6	Collections from Previously Written-off Receivables	89,132	318,303	
1.1.7	Cash payments to personnel and service suppliers((91,901)	(85,852)	
1.1.8	Taxes Paid	(3,077)	(1,417)	
1.1.9	Other	(363,885)	(338,575)	
		VI-1		
1.2	Changes in Operating Assets and Liabilities		(962,808)	
1.2.1	Net (Increase) Decrease in Financial Assets Measured at FVTPL	-	-	
1.2.2	Net (Increase) Decrease in due from Banks	(240,274)	61,065	
1.2.3	Net (Increase) Decrease in Loans	(249,149)	(68,630)	
1.2.4	Net (Increase) Decrease in Other Assets	480,310	(89,071)	
1.2.5	Net Increase (Decrease) in Bank Deposits	676,396	33,908	
1.2.6	Net Increase (Decrease) in Other Deposits	233,936	(1,101,887)	
1.2.7	Net (Increase) Decrease in Financial Liabilities Measured at FVTPL	-	-	
1.2.8	Net Increase (Decrease) in Funds Borrowed	(250)	(6,075)	
1.2.9	Net Increase (Decrease) in Matured Payables	-	-	
1.2.10	Net Increase (Decrease) in Other Liabilities	286,168	207,882	
		VI-1		
I.	Net Cash Flow from Banking Operations		(845,208)	
			1,014,424	
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Flow from Investing Activities		507,119	
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Joint-Ventures	-	-	
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Joint-Ventures	-	-	
2.3	Purchases of Tangible Assets	(31,443)	-	
2.4	Sales of Tangible Assets	-	12,255	
2.5	Cash Paid for Purchase of Financial Assets Measured at FVOCI	-	-	
2.6	Cash Obtained from Sale of Financial Assets Measured at FVOCI	-	-	
2.7	Cash Paid for Purchase of Financial Assets Measured at Amortised Cost	(817,608)	(910,094)	
2.8	Cash Obtained from Sale of Financial Assets Measured at Amortised Cost	10,000	1,407,937	
2.9	Other	(9,122)	(2,979)	
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Flow from Financing Activities		332,033	
3.1	Cash Obtained from Funds borrowes and Securities Issued	-	-	
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-	
3.3	Equity Instruments Issued	-	-	
3.4	Dividend Paid	-	-	
3.5	Payments for Financial Leases	(15,585)	(17,967)	
3.6	Other	-	350,000	
IV.	Effect of Translation Differences on Cash and Cash Equivalents		72,160	
		VI-1		
V.	Net Increase in Cash and Cash Equivalents		66,104	
			396,935	
VI.	Cash and Cash Equivalents at Beginning of Period		599,335	
		VI-2		
VII.	Cash and Cash Equivalents at the End of Period		665,439	
		VI-2		

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF PROFIT DISTRIBUTION
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited Current Period 31.12.2021 (*)	Audited Prior Period 31.12.2020
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	75,448	39,136
1.2 TAXES AND DUTIES PAYABLE (-)	15,178	19,056
1.2.1 Corporate Tax (Income Tax)	-	-
1.2.2 Income Withholding Tax	-	-
1.2.3 Other Taxes and Duties(**)	15,178	19,056
A. NET INCOME FOR THE PERIOD (1.1-1.2)	60,270	20,080
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUARY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	60,270	20,080
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Preferred Shares	-	-
1.6.3 To Owners of Preferred Shares (Preemptive Nights)	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDEND TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Preferred Shares	-	-
1.9.3 To Owners of Preferred Shares (Preemptive Nights)	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.1 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	20,080
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 DISTRIBUTES RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Preferred Shares	-	-
2.3.3 To Owners of Preferred Shares (Preemptive Nights)	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates	-	-
2.4 DIVIDEND TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNING PER SHARE (***)		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

(*) Profit distribution is decided by the General Assembly of the Bank. As of the report date, the General Assembly meeting has not been held yet.

(**) Deferred Tax Income/(Expense) shown in Other Taxes and Legal Liabilities line is not subject to profit distribution.

(***) Since the Bank is not publicly traded, it has no obligation to calculate profit/loss per share.

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE
ACCOUNTING POLICIES

I. Basis of Presentation

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

The financial statements are prepared in accordance with the historical cost basis except for financial instruments measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income which are presented on a fair value basis.

The Bank has started to apply TFRS 9 Financial Instruments (“TFRS 9”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) in the accompanying unconsolidated financial statements starting from 1 January 2018 for the first time based on the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with procedures and principals regarding classification of loans and allowances allocated for such loans which came into force starting from 1 January 2018.

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

On 20 January 2022, Public Oversight Authority (POA) made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank focuses its activities in corporate banking. The primary objective of the Bank is to sustain liquidity while fulfilling customer needs. Thus, the Bank places approximately 18.18% of its resources in liquid assets, while the Bank also aims for the highest yield possible with effective maturity management.

Besides its principle activity, the main financial instruments of the Bank are money market placements, treasury bills and government bonds.

Marketable securities comprising 16.94% of total assets are assets with low risk and high yield. Placements in banks are 16.02% of the total assets and these assets provide liquidity with low risk and yield.

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of the risk management strategy of the Bank, the management of risk bearing short positions of currency, interest or price movements is performed only by the Treasury and using the limits defined by the Board of Directors.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank's derivative instruments consist of foreign currency swaps, forward foreign currency buy/sell transactions and options. Derivative instruments are accounted for at their fair values as at the contract date and subsequently valued at fair value. Certain derivative instruments, although economical hedges, are accounted as trading transactions since they are not qualified to be a hedging instrument as per "Financial Instruments" ("TFRS 9"). Realized gains or losses on these instruments are reflected in the statement of profit or loss.

Unrealized gains or losses arising from the change in the fair value are recorded in disallowable expenses or income according to the current tax legislation.

Contract amounts of derivatives are recorded in off the balance sheet. There are no embedded derivatives of the Bank separated from the host contract or that are designated as hedging instruments as of the balance sheet date.

IV. Explanations on Interest Income and Expenses

Interest income and expenses are recognized in the income statement on an accrual basis using the effective interest method. On 1 January 2018, the Bank has started to calculate the rediscount for its non-performing loans. Non-performing loans are discounted with effective interest rate over the net book value and for calculated amount expected credit loss is set aside in income statement.

V. Explanations on Fees and Commission Income and Expenses

All fees and commission income/expenses are recognized as income at the time of realization and during the service is provided. Loan related fees and commissions paid to or received from the other institutions are considered as transaction costs and accounted using the effective interest method.

VI. Explanations on Financial Assets

In the framework of "TFRS 9 Financial Instruments", which is effective as of 1 January 2018, the Bank classifies its financial assets as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" or "Financial assets at amortized cost". This classification is made during initial recognition based on the contractual cash flow characteristics with the business model of the financial assets determined by the management.

The financial assets are recognized or derecognized in accordance with the "Recognition and Derecognition" principles defined in Section 3 related to classification and measurement of financial instruments of the "TFRS 9 Financial Instruments". At initial recognition, financial assets are measured at fair value. In the case of financial assets are not measured at fair value through profit or loss, transaction costs are added or deducted to/from their fair value. Financial instruments are included in the Bank's balance sheet if the Bank is a legal party to these financial instruments.

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all aspects. Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities and operations of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date. The settlement date is the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

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VI. Explanations on Financial Assets (cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

The methods and assumptions used in the recognition and measurement of financial instruments are described below.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are financial assets other than the ones that are managed with business model that aims to collect and sell contractual cash flows and the business model that aims to collect and sell contractual cash flows, and when the contractual terms of the financial asset on certain dates only do not result in cash flows involving the principal and interest payments arising from the principal amount balance, they are also financial assets that are acquired to profit from fluctuations in prices and similar factors in the short-term in the market, or that are part of a portfolio to make a profit in the short-term, regardless of the reason for their acquisition.

Financial assets at the fair value through profit or loss are initially recognized at fair value. Transaction costs related to the acquisition of the relevant asset are included in the cost of acquisition. The positive difference between the cost and fair value of such securities is accounted as interest and income accrual, and the negative difference between the cost and fair value is accounted under "Provision for Impairment of Securities Account".

Financial Assets at Fair Value Through Other Comprehensive Income

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

The Bank's management may retain both the contractual cash flows as well as the portfolio for sale, in order to meet daily liquidity needs, maintain a certain level of interest income and align the maturity of financial assets with the valuation of the financial liabilities for funding purposes. Financial assets at fair value through other comprehensive income are initially recognized at fair value including transaction costs.

The results of the subsequent changes in the fair value of financial assets at fair value through comprehensive income and unrealized profits or losses, which represent the difference between the discounted value and the fair value of the securities, resulting from changes in fair value, are included in equity in profit or loss under the "Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss" account. When these securities are collected or disposed of, the accumulated fair value differences recognized in equity are reflected in the income statement.

The fair value of financial assets at fair value through other comprehensive income, which are traded in active markets is determined according to the price of the stock exchange and in the case that the stock market price is not available, according to the price in the Official Gazette. Where there is no quoted price in an active market, the fair value is determined by using other methods specified in TFRS 9.

Financial Assets at Amortized Cost

A financial asset is classified as a financial asset measured at amortized cost, if the financial asset is held within the scope of a business model for the collection of contractual cash flows and the contractual terms of the financial asset result in cash flows that include payments arising only from principal and interest on the principal amounts on specific dates.

After the initial recognition, provision for impairment to be deducted, if any, financial assets measured at amortized cost are recognized with discounted value using effective interest method (internal rate of return).

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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. Explanations on Financial Assets (cont'd)

Interest earned from financial assets measured at amortized cost is recorded as interest income. The Bank classifies financial assets in accordance with the classifications explained above during the acquisition of the mentioned assets.

The Bank has Consumer Price Indexed (CPI) government bonds classified as financial assets measured at amortized cost. These securities are valued and accounted for using effective interest rate method considering estimated inflation rate based on real coupon rates and reference inflation index at issue date. As stated in CPI Indexed Bonds Investor Guide of the Undersecretariat of Treasury, the reference index used in the calculation of the actual coupon payment amounts of these securities are generated according to the CPI of two months ago. The Bank determines the estimated inflation rate accordingly. The inflation rate anticipated by considering the expectations of the Central Bank of Turkey. The estimated inflation rate of Bank is updated during year when deemed necessary.

Loans:

Loans are non-derivative financial assets which have fixed or determinable payments and are not traded.

The Bank initially records loans and receivables at fair value. In subsequent periods, in accordance with TAS, loans are measured at amortized cost using effective interest rate method.

Foreign currency indexed loans are converted into TL from the foreign currency rate as of the opening date and followed in TL accounts. Repayments are measured with the foreign currency rate at the payment date, the foreign currency gains and losses are reflected to the statement of income.

Foreign exchange gains and losses on the foreign currency indexed loans are presented under foreign exchange gains and losses.

All loans of the Bank are monitored under the "*Financial Assets at Amortized Costs*" account.

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VI. Explanations on Financial Assets (cont'd)

Explanations on TFRS 9 Financial Instruments:

TFRS 9 introduced new requirements for the classification and measurement of financial assets/liabilities and for derecognition and for general hedge accounting.

- All recognized financial assets that are within the scope of TFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt instruments and equity instruments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, TFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under TAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under TAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in TAS 39. Under TFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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VI. Explanations on Financial Assets (cont'd)

Explanations on TFRS 9 Financial Instruments (cont'd)

Based on an analysis of the Bank's financial assets and financial liabilities as at 1 January 2018 based on the facts and circumstances that exist at that date, it has been assessed that the impact of TFRS 9 to the Bank's financial statements as follows:

Classification and Measurement

Classification and measurement of financial assets in accordance with TFRS 9 standard has determined by whether the financial asset is based on the business model in which the financial asset is managed and whether it is based on contractual cash flows including interest payments on principal and principal balance only.

On initial adoption in the financial statements, each financial asset can be classified as a financial asset measured at amortized cost, or at fair value through profit or loss, or as measured at fair value through other comprehensive income. The application of the existing provisions of TAS 39 for the classification and measurement of financial liabilities does not change substantially.

According to TFRS 9, available for sale financial assets and held to maturity financial assets are classified as financial assets at amortized cost as of 1 January 2018.

Impairment:

In accordance with the "Regulation on Procedures and Principles for the Classification of Loans and the Provisions to be Reserved" published in the Official Gazette dated 22 June 2016 and numbered 29750, the Bank started to recognize provision for impairment in accordance with the provisions of TFRS 9 as of 1 January 2018. In this context, the method of allocating loan provisions, which is disclosed in detail in the accounting policy of Section Three Note VII, as of 31 December 2017, has been changed by applying the TFRS 9 along with applying the expected credit loss model. The expected credit losses estimate is unbiased, weighted by probability and should include supportable information about estimates of past events, current conditions and future economic conditions. These financial assets have been classified into the following three categories based on the increase in the credit risks observed since the first receipt of financial assets:

Stage 1: Includes financial instruments with no significant increase in credit risk starting from initial recognition until the next reporting period or at a lower credit risk as of the reporting date. For these assets, the expected credit loss of 12 months is accounted.

Stage 2: Includes financial assets that have a significant increase in credit risk after initial recognition but an objective evidence of impairment does not exist. For these assets, expected lifetime credit losses are accounted.

Stage 3: Includes financial assets that have objective evidence of impairment as of the reporting date. For these assets, expected lifetime credit losses are accounted.

The Bank has applied the classification, measurement and impairment effects to the opening equity amounts without making any adjustments during the comparative periods in the opening balance sheet as of 1 January 2018. In addition, the effect of deferred tax assets to be calculated under TFRS 9 has reflected in equity during the first transition.

"TFRS 9 Financial Instruments" standard related to the classification and measurement of financial instruments has been issued by the Public Oversight, Accounting and Auditing Standards Authority and published in the Official Gazette dated 19 January 2017, numbered 29953 is effective from 1 January 2018 and replaces "TAS 39 Financial Instruments: Recognition and Measurement" standard.

At every balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VII. Explanations on Impairment of Financial Assets

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence of one or more than one event ("loss event") after the initial accounting of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Losses expected to occur as a result of future events, no matter how probable, are not recognized.

The Bank classifies loans according to their qualifications in accordance with the "Regulation on Procedures and Principles for the Classification of Loans and the Provisions to be Made" effective as of 1 January 2018. In this context, the Bank considers the general structure of the loan portfolio, the financial structure of its customers, non-financial data and economic conjuncture in accordance with its credit risk policies when making estimations. Provisions are recognized in profit and loss accounts using the "TFRS 9 Expected Loss Provisions" account.

Provisions made for loan losses in the current period and provision made in the previous periods are reversed as a result of principal collections made for the related loans or that are written off are recorded in the "Expected Loss Provisions" account.

Calculation of expected credit losses

Expected credit losses are calculated based on a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due based on the contract and the cash flows that are expected to be received.

Probability of Default (PD): PD refers to the likelihood that a loan will default, which is usually set at 12 months, given certain characteristics. Based on TFRS 9, two different PDs are used in order to calculate expected credit losses:

-12-month PD: as the estimated probability of default occurring within the next 12 months.

-Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

~~Internal rating systems are used in the Bank.~~

Probability of default calculation has been carried out based on past information, current conditions and forward looking macroeconomic parameters.

Loss Given Default (LGD): If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage. LGD calculations are performed using historical data which best reflects current conditions, by formation of segments based on certain risk factors that are deemed important for each portfolio and inclusion of forward-looking information and macroeconomic expectations. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections.

Exposure at Default (EAD): For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors.

Stage 1: 12-month expected credit loss represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date and calculated as the portion of lifetime expected credit losses. 12-month expected credit loss is calculated based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied by loss given default rate and discounted with the original effective interest rate.

Stage 2: Lifetime expected credit losses are expected credit losses from all possible default events that can occur during the expected life of a financial instrument (the risk of a default occurring during the expected life of the financial instrument is estimated). In Stage 2, the provision is calculated for financial assets whose credit risk has deteriorated but not impaired.

Stage 3: The Bank evaluates all impaired accounts individually. The methodology is individual assessment and the probability of default is considered as 100%.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VII. Explanations on Impairment of Financial Assets (cont'd)

Default Definition: It means debt having past due more than 90 days. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

The Bank calculates the expected credit losses in Stage 1 and Stage 2 by groups based on the following criteria.

- Cash Products / Non-cash Products
- Customer Segments: Commercial and Retail / Corporate
- Product Types: Instalment Credits, Renewable Loans (Rotative), Spot Loan, Overdraft Accounts and Other

Due to the disruptions in economic and commercial activities as a result of the COVID-19 epidemic that spread to many countries, including our country, in accordance with the Board Decision of the BRSA dated 16 September 2021, within the scope of Articles 4 and 5 of the Regulation on Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set aside, it has been decided that the 90-day delay period stipulated for non-performing loans is applied as 180 days and the provisions to be set aside for the loans that continue to be classified in the Second Group despite the 90-day delay, to end the practice of continuing to allocate banks according to their own risk models used in the calculation of expected credit losses within the scope of TFRS 9, as of the end of 30 September 2021, however, as of 1 October 2021, it has been decided to continue the aforementioned practice in the same way for loans with a delay period of more than 91 days and not exceeding 180 days. As of 31 December 2021, the said application was terminated and the transfer period to the follow-up accounts became 90 days for all loans. As of 31 December 2021, the Bank has no customers in this context.

Considering the magnitude of the economic changes due to COVID-19, the Bank updated its forward-looking macroeconomic assumptions and estimations for individual loans in the calculation of expected credit losses. In the upcoming periods, the Bank will update its related assumptions as necessary and review the realization status of its past estimates.

VIII. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously. Otherwise, there is not any offsetting transaction about financial assets and liabilities.

IX. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortized cost depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities.

Funds given against securities purchased under agreements to resell ("reverse repo") are accounted under "Receivables from reverse repurchase agreements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method. The Bank does not have any securities that are subject to any payment.

The income and expenses from these transactions are reflected to the "Interest Income on Money Market Transactions" and "Interest Expense on Money Market Transactions" accounts in the income statement.

As of 31 December 2021, the Bank does not have reverse repo transactions (31 December 2020: 195,096).

As of 31 December 2021, the Bank does not have any marketable securities lending transaction (31 December 2020: None).

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X. Explanations on Non-current Assets Held for Sale and Discontinued Operations and Liabilities Related to These Assets

Assets held for sale with high probability of sale, are those under a plan prepared by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. In addition, the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or cancelling the plan is low.

The Bank has assets held for sale amount of TL 103,104 as of 31 December 2021 (31 December 2020: TL 179,054).

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately. The Bank does not have any discontinued operations.

XI. Explanations on Goodwill and Other Intangible Assets

There is no goodwill regarding the investments in associates and subsidiaries.

Other intangible assets are accounted for at cost less accumulated amortization. Other intangible assets are amortized with straight-line method based on their economic lives. There is no change in the amortization method in the current period.

The intangible assets comprising purchased software are in the other intangible fixed assets. As of the balance sheet date, all software are purchased and there are no completed or continuing software development projects by the Bank.

	%
Intangible Assets	7-33

XII. Explanations on Tangible Fixed Assets

Tangible fixed assets are accounted for at acquisition cost less accumulated depreciation. Tangible fixed assets are depreciated with straight-line method. While those acquired before 1 January 2004 are depreciated with the rates valid in prior periods, the fixed assets acquired after 1 January 2004 are depreciated with the rates determined by the Ministry of Finance based on useful economic lives.

Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. Depreciation method is not changed in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Financial Lease	2-50
Furniture, Fixtures and Office Equipment and Others	2-33

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Normal maintenance and repair cost of the properties are expensed.

There is no pledge, mortgage, or any other restrictions on tangible fixed assets.

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XIII. Explanations on Leasing Transactions

As of the balance sheet date, the Bank does not have authorization for any financial leasing transactions as lessor.

“IFRS 16 Leases” Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826. According to this standard, the difference between operating leases and financial leases has been eliminated and leasing transactions is reflected on the balance sheet by the lessee as the asset (utilization right) and lease payable, and the interest expense related to the lease liability has reflected to the accounts separately. The Bank started to use IFRS 16 Leases standard starting from 1 January 2019.

The Bank measures the leasing liability at the present value of the remaining lease payments, discounted at the Bank's application date using the reference interest rate at the date of application. In addition, the Bank measures the existence of the right to use of such right at an amount equal to the lease obligation which is reflected in the statement of financial position immediately after the first application date and adjusted for the amount of all prepayment or accrued lease payments.

In accordance with IFRS 16, the Bank measures the lease obligation based on the present value of the lease payments, which were not paid at the date of the lease commencement. Lease payments are discounted using the reference rate of the Bank.

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased 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 assets:

The right to use asset is first recognized by cost method and includes:

- 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 Bank applying the cost method, the existence of the right to use:

- a) accumulated depreciation and accumulated impairment losses are deducted and
- b) measures the restatement of the lease obligation at the restated cost. The Bank applies TAS 16 Property, Plant and Equipment while depreciating the right of use assets.

Lease Obligations:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the reference interest rate.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

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

- a) Increase the book value to reflect the interest on the lease obligation
- b) Reduces the book value to reflect the lease payments made and
- c) The book value is measured to reflect reassessments and restructuring or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

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XIV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation and discounted to present value if material.

According to the legal department of the Bank, the total number of ongoing cases against the Bank is 371. The total amount of those cases consists of TL 16,354, USD 804 Thousand and EUR 193 Thousand. There is a provision of TL 15,784 in the accompanying financial statements for these cases (31 December 2020: TL 9,064).

XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans:

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30-day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct in accordance with TAS 19 Turkish Accounting Standard on Employee Benefits.

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. As per the Official Gazette No. 28585 dated 12 March 2013, in accordance with the Turkish Accounting Standard on Employee Benefits (TAS 19) as of 31 December 2021, the actuarial gains recognized in equity amounts to TL 3,172 (31 December 2020: TL 225 actuarial gain).

The Bank has no employees are the member of retirement fund or foundation.

Defined Contribution Plans:

The Bank pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Short-term Employee Benefits:

In accordance with TAS 19 "Turkish Accounting Standard on Employee Benefits", defined liabilities that arise from unused leave payments are accrued in the related period and are not discounted.

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XVI. Explanations on Taxation

Corporate Tax:

According to Article 37 of the Corporate Tax Law, as of 1 January 2006, corporate income are taxed at a rate of 20%. In accordance with the regulation introduced with the Law No. 7316 on the "Law on the Collection of Public Claims and Amendments to Some Laws", this rate has been determined as 25% and 23% to be applied to corporate earnings for the 2021 and 2022 taxation periods and the Council of Ministers has been authorized to reduce the said rate up to 20%.

The tax legislation requires advance tax of 25% to be calculated and paid based on earnings generated for each quarter. Such advance taxes calculated and paid are offsetted against the final tax liability for the year.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one instalment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The Bank makes necessary provisions over results of current period operations related with Income Tax and Corporate Tax liabilities. The Bank has not any tax provision in current period. (31 December 2020: None).

Deferred Tax:

The Bank calculates and reflects deferred tax asset or liability on timing differences, which will result in taxable or deductible amounts in determining taxable profit of future periods.

In accordance with TAS No: 12 "Turkish Accounting Standard on Income Taxes" and the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated 8 December 2004, the Bank calculates deferred tax asset on carry forward tax losses and all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are reflected in the accompanying financial statements on a net basis.

The deferred tax resulting from differences related to items that are debited or credited directly to equity is netted with these accounts.

Furthermore, as per the above circular of BDDK, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

The net deferred tax asset is presented under deferred tax asset and the net deferred tax liability is presented under deferred tax liability on the balance sheet. The deferred tax income/expense is presented in the accompanying income statement as deferred tax provision and there is TL 15,178 deferred tax expense in current period (31 December 2020: TL 19,056 deferred tax expense).

XVII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

The Bank has not issued convertible bonds.

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XVIII. Explanations on Issued Share Certificates

The Bank does not have any issued debt securities. As of the date of approval of these financial statements, there is no subsequent dividend announcement of the Bank.

XIX. Explanations on Acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

Since the Bank is not listed entity, disclosure requirements of TFRS 8 are not applicable for the Bank.

XXII. Explanations on Other Matters

A new type of coronavirus (COVID-19), which is first appeared in China, was classified by the World Health Organization as an epidemic affecting countries globally on 11 March 2020. The COVID-19 epidemic and the measures taken against it have impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues, and remain uncertain about the future. The impact of these effects on the Bank's equity management and capital adequacy, asset quality, credit risk, operational risk, currency risk, interest rate risk, liquidity risk, stock position risk arising from banking accounts, leverage ratio and other risks and indicators regularly monitored by risk monitoring units and Bank management. Although the effects of the situation are not fully known, it is expected to affect the financial position and operating results of the Bank in the future. The Bank takes the necessary precautions to keep the negative effects under control and minimize them.

Considering the magnitude of the economic changes due to COVID-19, it is aimed to update the financial information in the most recent annual financial statements in the financial statements prepared as of 31 December 2021, the Bank made certain estimates for the expected credit losses and disclosed them in Note VII of Section Three. In the next periods, the Bank will update its relevant assumptions as necessary and revise the realizations of past estimates.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Items of Shareholders' Equity

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

As of 31 December 2021, the Bank's total capital has been calculated as TL 553,301 capital adequacy ratio is 17.25%. As of 31 December 2020, the Bank's total capital amounted to TL 497,044, capital adequacy ratio was 17.36% calculated pursuant to former regulations.

Information related to the items of shareholders' equity (*):

	Current Period
	31 December 2021(*)
Common Equity Tier 1 Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	1,000,000
Share issue premiums	-
Retained earnings	-
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	22,258
Profit	60,270
Net profit of the period	60,270
Profit of prior years	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	2,807
Common Equity Tier 1 capital before regulatory adjustments	1,085,335
Common Equity Tier 1 capital: regulatory adjustments	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognized in equity in accordance with TAS	(540,408)
Improvement costs for operating leasing (-)	(1,578)
Goodwill remaining after offsetting with the related deferred tax liability	(13,539)
Other intangible assets, excluding mortgage servicing rights, after offsetting with the related deferred tax liability	-
The remaining part of the deferred tax asset based on future taxable income, excluding deferred tax assets based on temporary differences, after offsetting with the related deferred tax liability	(6,803)
Differences that arise when assets or liabilities that are not monitored at fair value are subject to cash flow hedges	-
The portion of the total expected loss amount calculated in accordance with the Communiqué on the Calculation of the Amount Subject to Credit Risk with Approaches Based on Internal Ratings, exceeding the total provision amount	-
Gains from securitization transactions	-
Unrealized gains and losses resulting from differences in the fair value of the bank's liabilities due to changes in credit worthiness	-
Net amount of defined benefit plan assets	-
Direct or indirect investments made by the bank in its own core capital	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
Mortgage servicing rights (amount above 10% threshold)	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Amount exceeding the 15% threshold (as set out in the paragraph 2 of the Provisional Article 2 of the Regulation on Banks' Own Funds)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Excess amount arising from the rights to provide mortgage services	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences	-
Other items to be determined by the BRSA	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
Total regulatory adjustments to Common equity Tier 1	(562,328)
Common Equity Tier 1 capital (CET1)	523,008

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I. Explanations Related to Items of Shareholders' Equity (cont'd)

Additional Tier 1 Capital

Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-
Additional Tier 1 capital before regulatory adjustments	-
Additional Tier 1 capital: regulatory adjustments	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of 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	-
Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period	-
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 (-)	-
The amount to be deducted from the additional main capital in case of insufficient contribution capital (-)	-
Total regulatory adjustments to Additional Tier 1 capital	-
Total Additional Tier 1 capital	-
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	523,008

TIER 2 CAPITAL

Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	30,293
Tier 2 capital before regulatory adjustments	30,293
Tier 2 capital: regulatory adjustments	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Other items to be defined by the BRSA (-)	-
Total regulatory adjustments to Tier 2 capital	-
Total Tier 2 capital	30,293
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	553,301

The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)

Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	-
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition	-
Other items to be Defined by the BRSA	-
Regulatory Adjustments which will be deducted from Total Capital during the transition period	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) 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 (-)	-
Significant 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, net of eligible short positions (amount above 10% threshold) 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 (-)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold), net of related tax liability) 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 (-)	-

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I. Explanations Related to Items of Shareholders' Equity (cont'd)

Capital	553,301
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	553,301
Total Risk Weighted Assets	3,208,348
CAPITAL ADEQUACY RATIOS	
Common Equity Tier 1 Capital Adequacy Ratio (%)	16.30
Tier 1 Capital Adequacy Ratio (%)	16.30
Capital Adequacy Ratio (%)	17.25
BUFFERS	
Total buffer requirement (%)	2.521
Capital conservation buffer requirement (%)	2.500
Bank specific countercyclical buffer requirement (%)	0.021
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	11,801
Amounts below the thresholds for deduction (before risk weighting)	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-
Mortgage servicing rights (net of related tax liability)	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-
Applicable caps on the inclusion of provisions in Tier 2 capital	
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	30,293
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	30,293
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-
The portion of the total provision amount exceeding the total expected loss amount calculated in accordance with the Communiqué on Calculation of the Amount Subject to Credit Risk with Internal Rating-Based Approaches	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022)	
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-

(*) There are no amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and will be taken into consideration at the end of transition process.

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I. Explanations Related to Items of Shareholders' Equity (cont'd)

	Prior Period 31 December 2020(*)
Common Equity Tier 1 Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	1,000,000
Share premium	-
Legal reserves	-
Accumulated other comprehensive income in accordance with TAS	25,656
Profit	20,080
Net period profit	20,080
Prior period profit	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	2,807
Common Equity Core capital before regulatory adjustments	1,029,929
Common Equity Core capital: regulatory adjustments	
Valuation adjustments calculated according to clause (I) of first paragraph of the 9th article of the Regulation on Owners Equity of Banks	-
The portion of the net period loss and the sum of previous years' losses that cannot be covered by reserves and losses reflected in equity in accordance with TAS	(550,339)
Leasehold improvements on operational leases (-)	(2,360)
Goodwill remaining after offsetting with the related deferred tax liability	(8,796)
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(21,982)
The portion of the total expected loss amount calculated in accordance with the Communiqué on the Calculation of the Amount Subject to Credit Risk with Approaches Based on Internal Ratings, exceeding the total provision amount	-
Shortfall of provisions to expected losses	-
Securitization gain on sale	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Direct or indirect investments made by the Bank in its own core capital	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
Mortgage servicing rights (amount above 10% threshold)	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Amount exceeding the 15% threshold (as set out in the paragraph 2 of the Provisional Article 2 of the Regulation on Banks' Own Funds)	-
The excess amount arising from the net long positions of the investments made in the core capital elements of the unconsolidated banks and financial institutions in which more than 10% of the partnership shares are owned	-
Amount exceeding the threshold of mortgage servicing rights	-
Amount exceeding the threshold of deferred tax assets arising from temporary differences	-
Other items which shall be determined by the Board	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
Total regulatory adjustments to Common equity Core Capital	(583,477)
Common Equity Core capital (CET1)	465,066

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I. Explanations Related to Items of Shareholders' Equity (cont'd)

Privileged stocks which are not included in common equity and share premiums	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (those under the Provisional Article 4)	-
Additional Tier 1 capital before regulatory adjustments	-
Additional Tier 1 capital: regulatory adjustments	-
Investments in own Additional Tier 1 instruments	-
Investments made by the bank in equity items issued by banks and financial institutions that invest in the Bank's additional capital items and meet the conditions specified in Article 7 of the Regulation	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
Other items to be defined by BRSA	-
Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period	-
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 (-)	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions (-)	-
Total regulatory adjustments to Additional Tier 1 capital	-
Total Additional Tier 1 capital	-
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	465,066
TIER 2 CAPITAL	
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	31,978
Tier 2 capital before regulatory adjustments	31,978
Tier 2 capital: regulatory adjustments	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
Other items to be defined by the BRSA (-)	-
Total regulatory adjustments to Additional Tier I capital	-
Additional Tier 1 capital (AT1)	31,978
Tier 1 capital (T1 = CET1 + AT1)	497,044
Deductions from the capital	
Loans extended being noncompliant with articles 50 and 51 of the Law (-)	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed (-)	-
National specific regulatory adjustments which shall be determined by the Board	-
Regulatory Adjustments which will be deducted from Total Capital during the transition period	-
Un-adjusted total amount from Common Equity, Tier-1 and Tier-2 due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the temporary paragraph 1 of the article numbered 2 of Own Fund Regulation (-)	-
Significant 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, net of eligible short positions (amount above 10% threshold) 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 (-)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) 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	-

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I. Explanations Related to Items of Shareholders' Equity (cont'd)

Capital	497,044
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	497,044
Total Risk Weighted Assets	2,862,774
CAPITAL ADEQUACY RATIOS	
Common Equity Tier 1 Capital Adequacy Ratio (%)	16.25
Tier 1 Capital Adequacy Ratio (%)	16.25
Capital Adequacy Ratio (%)	17.36
BUFFERS	
Total buffer requirement (%)	2.510
Capital conservation buffer requirement (%)	2.500
Bank specific countercyclical buffer requirement (%)	0.010
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 (%)	11,746
Amounts Below the Excess Amount in the Discount Principles to be Applied	
The amount arising from the net long positions of the investments made in the equity elements of the unconsolidated banks and financial institutions in which 10% or less of the partnership interests are held	-
The amount arising from the net long positions of the investments made in the core capital elements of unconsolidated banks and financial institutions in which more than 10% of the partnership shares are held	-
Mortgage servicing rights	-
Deferred tax assets arising from temporary differences	-
Applicable caps on the inclusion of provisions in Tier 2 capital	
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	88,935
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	31,978
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022)	
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-

(* There are no amounts to be taken into consideration at the end of the transition period for the items subject to the transition provisions within the Provisional Articles of the "Regulation on Owners' Equity of Banks".

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II. Explanations Related to Credit Risk

Credit risk is the risk that the Bank is a party in a contract whereby the counterparty fails to meet its obligation partially or fully on time and cause to incur a financial loss.

The credit allocation is performed on a debtor and a debtor group basis within the limits and updated on a defined frequency based on market developments. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Bank's loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

Risks and limits related to treasury activities and customer based commercial activities are monitored daily. Moreover, the limits of the correspondent banks that are determined by their ratings and the control of the maximum acceptable risk level in relation to the equity of the Bank are monitored daily. Risk limits are determined in connection with these daily transactions, and risk concentration is monitored systematically concerning off balance sheet operations.

The credit worthiness of the debtors of the loans and other receivables is monitored regularly as prescribed in the Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". Most of the statement of accounts for the loans has been tried to derive from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies when the companies are audited. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

For the forward transactions and other similar positions of the Bank, operational limits are set by the Board of Directors and the transactions take place within these limits.

The fulfillment of the benefits and acquirements related to forward transactions is normally realized at maturity. However, in order to minimize the risk, counter positions of existing risks are entered into in the market.

Indemnified non-cash loans are subject to the same risk weight as outstanding loans matured but not yet paid.

The Bank's foreign financial institution and country risks are generally taken by international rating companies on financial institutions and countries that are at the investment level, that is, they do not have the risk of failing to fulfill their minimum obligations. Therefore, the probable risks are not material considering the financial structure of the Bank.

Risk Analyst, which is Moody's credit risk module, is being used in parallel with the current rating system for the monitoring corporate and SME business lines and construction sector portfolios. The Bank aspire after to integrate Moody's system into Bank's core banking system as of the second half of 2017, in thereby Bank creating a high-quality rating data.

Qualitative Information About Credit Risk

The Bank's credit risk policy and risk limits are determined by the risk appetite of the bank, in line with the business model and targets. In addition to observing legal compliance at all times, consistency with internally defined limits is continuously monitored.

Internal control and risk management departments, under the Internal Systems framework, perform various controls and follow-ups on credit risk, while being the primary business units in managing credit risk. On the other hand, the Internal Audit Department controls the accuracy of processes through regular audits.

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II. Explanations Related to Credit Risk (cont'd)

The credit risk management unit regularly conducts various analyzes of the credit risk concentration, default portfolio analysis and portfolio analysis while the compliance department is involved in the principle of diagnosis of the customer and the internal control department is involved in the sampling control of credit files. The internal audit department is the final controller.

The scope of the reporting consists of various concentrations in the loan portfolio (debtor/group, business line, sector, maturity, currency, collateral, debt rating, etc.), analyzes on the portfolio of default loans and stress tests and analyzes on capital adequacy. In addition, analyzes on the status and development of loans in the banking sector are also included.

The share of cash loans of the Bank from its top 100 and top 200 customers respectively in the total balance sheet are TL 1,819,437 and TL 1,860,879 (31 December 2020: TL 1,334,060 and TL 1,334,484), the share of total cash loans are 67.62% and 69.16% as of 31 December 2021 (31 December 2020: 61.28 % and 61.30%).

As of 31 December 2021, the share of non-cash loans of the Bank from its top 100 and top 200 customers respectively in the total balance sheet are TL 1,553,473 and TL 1,652,996 (31 December 2020: TL 1,204,0283 and TL 1,299,054), the share of total non-cash loans are 92.94% ve 98.90% (31 December 2020: 90.65% and 97.80%).

The share of cash and non-cash receivables of the Bank from its top 100 and 200 customers respectively in the total balance sheet and non-cash risks are 43.20% and 50.49% as of 31 December 2021 (31 December 2020: 53.21% and 58.85%).

As of 31 December 2021, expected credit loss for Stage 1 and Stage 2 loans related with the credit risk is TL 40,292 (31 December 2020: TL 107,480).

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II. Explanations Related to Credit Risk (cont'd)

Significant Risks that are significant on the profile of the regions:

31 December 2021	Due from Central Governments or Central Banks	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Banks and Capital Market Intermediary	Contingent and Non-contingent Corporate Receivable	Contingent and Non-contingent Retail Receivables	Contingent and Non-contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by BRSA	Share Investments	Other Receivables	Total
Domestic	2,052,773	-	46,123	2,408,055	303	43,520	504,604	2,032	7,796	376,894	5,442,100
European Union Countries	-	-	240,373	-	-	-	-	-	-	-	240,373
OECD Countries	-	-	1,374	-	1	-	-	-	-	-	1,375
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	324,445	-	-	-	-	-	-	-	324,445
Other Countries Associates, Subsidiaries and Jointly Controlled Entities	-	-	749	-	-	-	-	-	-	-	749
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-
Total	2,052,773	-	613,064	2,408,055	304	43,520	504,604	2,032	7,796	376,894	6,009,042

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II. Explanations Related to Credit Risk (cont'd)

31 December 2020	Due from Central Governments or Central Banks	Administrative commercial Enterprises	2	67,939	Receivables on Banks and Capital Market Intermediary	2,160,031	Contingent and Non-contingent Corporate Receivable	7,188	Contingent and Non-contingent Retail Receivables	165,093	Contingent and Non-contingent Receivables Secured by Mortgages	435,528	Past Due Receivables	2,766	Receivables defined in high risk category by BRSA	7,796	Share Investments	487,251	Other Receivables	3,776,300	Total
Domestic	442,706		2	67,939		2,160,031		7,188		165,093		435,528		2,766		7,796		487,251		3,776,300	
European Union Countries	-		-	175,708		-		-		-		-		-		-		-		175,708	
OECD Countries	-		-	3,355		-		3		-		-		-		-		-		3,358	
Off-shore Banking Regions	-		-	-		-		-		-		-		-		-		-		-	
USA, Canada	-		-	142,239		-		-		-		-		-		-		-		142,239	
Other Countries Associates, Subsidiaries and Jointly Controlled Entities	-		-	997		-		-		-		-		-		-		-		997	
Unallocated Assets/Liabilities	-		-	-		-		-		-		-		-		-		-		-	
Total	442,706		2	390,238		2,160,031		7,191		165,093		435,528		2,766		7,796		487,251		4,098,602	

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II. Explanations Related to Credit Risk (cont'd)

Risk Profile by Sectors or Counterparties

Sectors/Counterparties	Due from Central Governments or Central Banks	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Banks and Capital Market Intermediary	Other Corporate Receivables	SME Corporate Receivables	Other Retail Receivables	SME Retail Receivables	Receivables from collateralized by real estate mortgage for residence	Receivables from collateralized by commercial real estate mortgage	Past Due Receivables	Receivables defined in high risk category by BRSA	Share Investments	Other Receivables	TL	FC	Total
1 Agriculture	-	-	-	47,382	-	7	-	-	-	-	4,848	27	-	7,410	44,854	52,264
1.1 Farming and Raising Livestock	-	-	-	43,032	-	-	-	-	-	-	4,848	27	-	7,396	40,511	47,907
1.2 Forestry, Wood and Paper	-	-	-	7	-	-	-	-	-	-	-	-	-	7	-	7
1.3 Fishery	-	-	-	4,343	-	7	-	-	-	-	-	-	-	7	4,343	4,350
2 Manufacturing	-	-	-	728,337	-	11	-	253	3,676	43,173	106	-	-	281,136	494,420	775,556
2.1 Mining and Quarry	-	-	-	12,504	-	-	-	-	-	533	6	-	-	7,843	5,200	13,043
2.2 Production	-	-	-	646,041	-	11	-	253	3,676	42,640	100	-	-	272,919	419,802	692,721
2.3 Electricity, Gas and Water	-	-	-	69,792	-	-	-	-	-	-	-	-	-	374	69,418	69,792
3 Construction	-	-	-	211,104	-	6	-	8,529	78	229,210	1,622	-	-	402,766	47,783	450,549
4 Services	1,164,199	-	613,064	1,173,013	-	3	-	2,014	28,970	190,382	175	7,796	376,894	2,086,332	1,470,178	3,556,510
4.1 Wholesale and Retail Trade	-	-	-	272,582	-	1	-	202	135	39,793	148	-	-	199,269	113,592	312,861
4.2 Hotel, Tourism, Food and Beverage Services	-	-	-	18,276	-	-	-	1,385	28,437	126,256	3	-	-	170,547	3,810	174,357
4.3 Transportation and Communication	1,164,199	-	613,064	71,504	-	1	-	-	398	6,033	24	-	-	10,535	67,425	77,960
4.4 Financial Institutions	-	-	-	571,838	-	-	-	-	-	5,287	-	-	376,894	1,478,965	1,260,113	2,739,078
4.5 Real Estate and Renting Services	-	-	-	106,010	-	1	-	-	-	13,013	-	-	-	104,126	14,898	119,024
4.6 Self-Employment Services	-	-	-	2	-	-	-	-	-	-	-	-	-	2	-	2
4.7 Education Services	888,574	-	-	132,801	-	-	-	4274	-	-	-	-	-	122,888	10,340	133,228
4.8 Health and Social Services	-	-	-	248,219	-	277	-	-	-	-	102	-	-	1,033,704	140,459	1,174,163
5 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,052,773	-	613,064	2,408,055	-	304	-	10,796	32,724	504,604	2,032	7,796	376,894	3,811,348	2,197,694	6,009,042

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II. Explanations Related to Credit Risk (cont'd)

Average Amounts of Risks Incurred After Offsetting Transactions, Regardless of Credit Risk Reduction:

Risk Types 31 December 2021	Current Year Net Credit Risk Amount After Provisions	Average Net Credit Risk Amount After Provisions
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	2,052,773	1,180,921
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	-	5
Contingent and Non-Contingent Receivables on Multilateral Development Banks	-	-
Contingent and Non-Contingent Receivables on International Organizations	-	-
Contingent and Non-Contingent Receivables on Banks and Capital Market Intermediary	661,980	422,569
Contingent and Non-Contingent Corporate Receivables	2,588,291	2,626,278
Contingent and Non-Contingent SME Corporate Receivables	-	146,032
Contingent and Non-Contingent Retail Receivables	889	3,441
Contingent and Non-Contingent SME Retail Receivables	-	6,226
Contingent and Non-Contingent Receivables Secured by Mortgages	12,385	15,789
Contingent and Non-Contingent Receivables Secured by Corporate Mortgages	35,286	122,839
Past Due Receivables	504,604	448,879
Receivables defined in high risk category by BRSA	4,433	5,587
Collateralized Mortgage Marketable Securities	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-
Investment Similar to Collective Investment Funds	-	-
Other Receivables	384,690	456,842
Total	6,245,331	5,289,376

Maturity Distribution of Remaining Maturities of Time Exposures:

Risk Types 31 December 2021	Time to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Due from Central Governments or Central Banks	1	1	803,700	3	780,779
Regional Governments or Local Authorities Receivables	-	-	-	-	-
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	-
Receivables on Multilateral Development Banks	-	-	-	-	-
Receivables on International Organizations	-	-	-	-	-
Receivables on Banks and Capital Market Intermediary	218	204,017	7,279	-	49,084
Other Corporate Receivables	775,376	439,743	609,520	420,798	162,619
SME Corporate Receivables	-	-	-	-	-
Other Retail Receivables	173	2	-	14	116
SME Retail Receivables	-	-	-	-	-
Receivables Secured by Mortgages	1,309	-	8,394	160	933
Collateralized Receivables	-	-	-	-	-
Receivables Secured by Corporate Mortgage	-	3,191	3,774	24,945	813
Past Due Receivables	2,309	33,508	-	-	468,788
Receivables defined in high risk category by BRSA	4	3	-	-	2,025
Collateralized Mortgage Marketable Securities	-	-	-	-	-
Short-Term Receivables from Banks, Brokerage Houses and Short-Term Corporate Receivables	-	-	-	-	-
Investment Similar to Collective Investment Funds	-	-	-	-	-
Share Investments	-	-	-	-	7,796
Other Receivables	55,671	-	-	-	195,323
Total	835,061	680,465	1,432,667	445,920	1,668,276

Risk by Risk Weight Balances:

Risk Weights (*)	0%	10%	20%	35%	50%	75%	100%	150%	200%	Deductions from Equity
1 Amount before the credit risk mitigation	2,155,092	-	759,626	-	492,461	281	2,396,251	205,331	-	-
2 Amount after the credit risk mitigation	1,472,234	-	757,710	10,796	518,475	267	2,434,358	68,228	-	-

(*) Amounts of the financial collateral are shown as 0% weight.

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II. Explanations Related to Credit Risk (cont'd)

Important Sectors or Type of Information According to Counterparty

Sectors/ Counterparties	Loans			Value Adjustments	Provisions
	Impaired(*)	Non-Performing			
1 Agricultural	-	22,429	-	-	7,276
1.1 Farming and Raising Livestock	-	21,794	-	-	6,641
1.2 Forestry, Wood and Paper	-	635	-	-	635
1.3 Fishery	-	-	-	-	-
2 Manufacturing	-	95,269	-	-	44,490
2.1 Mining and Quarry	-	533	-	-	-
2.2 Production	-	94,736	-	-	44,490
2.3 Electricity, Gas and Water	-	-	-	-	-
3 Construction	10,557	349,648	-	-	120,442
4 Services	43,677	352,293	-	-	151,648
4.1 Wholesale and Retail Trade	19,550	60,865	-	-	25,459
4.2 Hotel, Tourism, Food and Beverage Services	1,309	226,914	-	-	100,660
4.3 Transportation and Communication	398	7,969	-	-	5,518
4.4 Financial Institutions	-	7,969	-	-	2,683
4.5 Real Estate and Renting Services	21,867	19,508	-	-	6,495
4.6 Self-Employment Services	553	23,399	-	-	5,164
4.7 Education Services	-	5,300	-	-	5,300
4.8 Health and Social Services	-	369	-	-	369
5 Other	-	9,711	-	-	890
Total	54,234	829,350	-	-	324,746

(*) Rescheduled loans.

Information on Credit Value Adjustments and Change in Loan Loss Provisions

	Opening Balance	The amount of provision in the period	Reversal of Provision	Other Adjustments (*)	Closing Balance
1 Stage 3 Provisions	407,118	110,623	(192,995)	-	324,746
2 Stage 1 & Stage 2 Provisions	107,480	39,864	(107,052)	-	40,292

(*) Those determined by TFRS 9 transition, exchange rate differences, business combinations, acquisitions and disposal of subsidiaries.

Risks Involved in Countercyclical Capital Buffer Calculation

Country of ultimate risk	Private sector credit exposures in banking book	Risk weighted equivalent trading book	Total
Turkey	2,494,665	-	2,494,665
Germany	15,235	-	15,235
Belgium	2,975	-	2,975
England	1,907	-	1,907
Jordan	709	-	709
Korean Republic	1	-	1

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II. Explanations Related to Credit Risk (cont'd)

The table below shows the maximum exposure to credit risk for the components of the financial statements:

Gross maximum exposure	31 December 2021	31 December 2020
Due from Central Bank	640,483	272,367
Due from banks	813,594	329,917
Due from money market transactions	-	249,152
Financial assets held for trading	-	-
Derivative financial instruments	5,785	-
Financial assets at fair value through other comprehensive income	-	-
Financial assets measured at amortized cost	859,980	19,661
Loans given	1,861,337	1,334,485
Total	4,181,179	2,205,582
Contingent liabilities	1,655,716	1,308,632
Irrevocable commitments	64,300	24,087
Total	1,720,016	1,332,719
Total credit risk exposure	5,901,195	3,538,301

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II. Explanations Related to Credit Risk (cont'd)

Credit quality per class of financial assets as of 31 December 2021 is as follows:

	Neither past due nor impaired	Past due or individually impaired	Total
Due from banks	813,594	-	813,594
Financial assets designated at fair value through profit or loss	-	-	-
Loans given to customers			
<i>Corporate lending</i>	1,685,776	679,193	2,364,969
<i>Small business lending loans</i>	-	-	-
<i>Retail loans</i>	970	2	972
<i>Other</i>	-	-	-
Total	2,500,340	679,195	3,179,535
Financial investments			
<i>Quoted on a stock exchange - Domestic public sector debt securities</i>	860,132	-	860,132
<i>Quoted on a stock exchange - Other debt securities</i>	-	-	-
<i>Unquoted on a stock exchange - Debt securities</i>	-	-	-
Total	860,132	-	860,132
Total	3,360,472	679,195	4,039,667

Credit quality per class of financial assets as of 31 December 2020 is as follows:

	Neither past due nor impaired	Past due or individually impaired	Total
Due from banks	329,917	-	329,917
Financial assets designated at fair value through profit or loss	-	-	-
Loans given to customers			
<i>Corporate lending loans</i>	977,519	792,014	1,769,533
<i>Small business lending loans</i>	-	-	-
<i>Retail loans</i>	470	8	478
<i>Other</i>	-	-	-
Total	1,307,906	792,022	2,099,928
Financial investments			
<i>Quoted on a stock exchange - Domestic public sector debt securities</i>	19,807	-	19,807
<i>Quoted on a stock exchange - Other debt securities</i>	-	-	-
<i>Unquoted on a stock exchange - Debt securities</i>	-	-	-
Total	19,807	-	19,807
Total	1,327,713	792,022	2,119,735

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II. Explanations Related to Credit Risk (cont'd)

Internal credit rating system

		Internal Rating	31 December 2021	(%)	31 December 2020	(%)
		Grade				
High	Risk rating class 1	A+ Excellent	15,326	0.82	10,001	0.75
	Risk rating class 2	A- Excellent	107,903	5.80	11,245	0.84
Good	Risk rating class 3	B+ Very Good	145,198	7.80	148,721	11.14
	Risk rating class 4	B- Very Good	173,722	9.33	172,345	12.91
Standard	Risk rating class 5	C+ Good	380,645	20.45	293,919	22.02
	Risk rating class 6	C- Good	230,387	12.38	292,249	21.90
Substandard	Risk rating class 7	D+ Ordinary	345,431	18.56	69,440	5.20
	Risk rating class 8	D- Ordinary	188,053	10.11	206,692	15.49
	Risk rating class 9	E Bad	252,994	13.59	129,334	9.69
	Risk rating class 10	F VeryBad	-	-	-	-
Unrated			21,678	1.16	539	0.04
Total			1,861,337	100.00	1,334,485	100.00

The Bank uses 3 main factors for internal credit rating system. These are financial data, non-financial data and specialist decisions. Financial data consist of liquidity, financial structure, profitability, growth ratios and turnover rate. Non-financial data consist of loan client business, relation with finance sector and sector analysis. The Bank measures the credit rating of companies by making comparisons regarding the financial data and non-financial data.

In the existing rating system, the collateral assigned to loans are not taken into account in the rating. The information about customers with F, E and D- rating is shown below.

“F” rating:

There are no clients with “F” rating (31 December 2020: None).

“E” rating:

There are 13 “E” rated customers with a total risk of TL 252,994 (31 December 2020: TL 129,334; 9). 68% of these customers were provided with TL 172,272 against checks and promissory notes (31 December 2020: TL 2,103; 2%), and 5% of them were TL 13,772 against receivables.

“D-” rating:

There are 11 “D-” rated customers with a total risk of TL 188,053 (31 December 2020: TL 206,692; 8). 18% of them were provided with a loan of TL 33,204 against checks and promissory notes (31 December 2020: TL 25,014, 12%). 16% of TL 30,177 for cash blockage, 12% for TL 21,866 for vehicle pledge (31 December 2020: TL 28,498, 14%) were provided.

There is no financial assets at fair value through profit and loss whose terms have been renegotiated.

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II. Explanations Related to Credit Risk (cont'd)

Credit quality of assets

				Provisions/ depreciation and impairment	Net value
		Defaulted	Non-defaulted		
1	Loans	829,350	1,861,337	(355,039)	2,335,648
2	Borrowing instruments	-	859,994	(130)	859,864
3	Off-balance sheet receivables	103,598	1,567,850	(104,379)	1,567,069
4	Total	932,948	4,289,181	(459,548)	4,762,581

Changes in deferred receivables and debt securities inventory

1	Defaulted loans and debt securities at end of the previous reporting period	842,646
2	Loans and debt securities that have defaulted since the last reporting period	189,332
3	Returned to non-defaulted status	-
4	Amounts written off	(56,147)
5	Other changes (*)	(146,481)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	829,350

(*) Expresses the collections.

Additional Explanations of the Credit Quality of Assets

In accordance with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved and Allocation of Reserves" published in the Official Gazette numbered 26333 dated 1 November 2006, uncollectible receivables are considered "deferred" receivables from the date on which they are due or payable, or the date on which they are due or payable, and a specific provision is provided for receivables that are overdue more than ninety days after the date on which they are due. In this context, the Bank considers the general structure of the loan portfolio, the financial structure of its customers, non-financial data and economic conjuncture by taking of consideration of policies of credit risks while determining its estimation. Relevant special provisions transferred to the profit and loss accounts by using the "Expected Credit Losses Expenses" accounts.

With the provisional Article 13 of the "Regulation on the Amendment of the Regulation on the Procedures and Principles for the Determination of the Qualifications of Banks and Other Receivables and Provisions to be Issued" published in the Official Gazette dated 14 December 2016 and numbered 29918, for credit debtors who were closed within the scope of the state of emergency declared by the Council of Ministers Decision dated 20 July 2016 and 2016/9064 and transferred to the General Directorate of Foundations or the Treasury, for whom the Savings Deposit Insurance Fund was appointed as a trustee, public officials who were dismissed, and real and legal persons whose assets were subject to measures, the delay periods beginning from 21 January 2017 has been introduced. As of 31 December 2021, the Bank has no 90-day delay period and there is no information regarding the provisional provision.

In accordance with the regulation, in the event that the fulfillment of the obligation to the Bank related to loans and other receivables arises due to the temporary liquidity shortage, to provide liquidity power to the debtor and to collect the receivable of the Bank, loans and other receivables, including the delayed interest rates can be restructured or linked to a new payment plan.

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II. Explanations Related to Credit Risk (cont'd)

As of 31 December 2021, the amount of loans and other receivables restructured in non-performing loans is TL 69,343 (31 December 2020: TL 67,974). The expected loss provision amount for these loans and other receivables is TL 24,475 (31 December 2020: TL 23,260).

Aging Analysis for Delayed Receivables

	1-30 days	31-60 days	61-90 days	Over 90 days	Total
Delayed Receivables	950	-	9,127	-	10,077

Credit risk mitigation techniques - Overview

The Bank does not perform on-balance sheet and off-balance sheet netting.

The Bank has determined the structure and policy of collaterals in detail under the credit policy and carries out the guarantees for credit activities in accordance with these policies and regulations. The collateralization policy specifies the phases and requirements of the collateralization process in order to reduce the credit risk. In addition to supervising compliance with other banks, collateral is also carried out by observing the provision of special conditions to the bank. In policy, all types of coverage are discussed in detail and their characteristics are explained.

Collateral concentrations are monitored on a monthly basis for standard, close monitoring and non-performing loans. According to this, the most preferred collateral of the bank is mortgage collateral and this is followed by check guarantee.

	31 December 2021	Unsecured receivables: Amount valued in accordance with TAS	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	1,778,604	83,273	79,754	39,746	36,088	-	-
2	Borrowing instruments	860,132	-	-	-	-	-	-
3	Total	2,638,196	93,273	79,754	39,746	36,088	-	-
4	Defaulted	360,212	469,138	298,889	19,238	1,038	-	-

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II. Explanations Related to Credit Risk (cont'd)

Qualitative information about ratings

The Bank contracted with Fitch as the Credit Rating Agency. There has been no change in the CRA within the reporting period.

The Bank uses the Credit Rating Agency for other receivables and risk classes to be taken from other banks and other financial intuitions.

The credit rating of the borrower is applied in the same way to the other assets that are from the debtor in the banking accounts.

Fitch ratings are used in computation of risk weighted assets for central government and foreign banks.

The equivalence of Fitch ratings to credit quality are as follows:

	Credit Quality
1	AAA and AA-
2	A+ and A-
3	BBB+ and BBB-
4	BB+ and BB-
5	B+ and B-
6	CCC+

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II. Explanations Related to Credit Risk (cont'd)

Standard Approach – Credit risk exposure and credit risk mitigation effects

	31 December 2021	Credit conversion rate and credit amount before credit risk mitigation		Credit conversion rate and credit amount after credit risk mitigation		Risk weighted amount and risk weighted amount concentration	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	2,052,773	-	1,369,915	-	-	%0.00
2	Exposures to regional governments or local authorities	-	-	-	-	-	-
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and intermediary institutions	521,059	140,921	521,059	92,005	198,561	%32.39
7	Corporate receivables	1,580,686	1,007,605	1,521,274	824,868	1,957,876	%83.45
8	Retail receivables	153	736	139	151	235	%81.03
9	Receivables secured by a residential real estate mortgage	9,860	2,252	9,859	937	3,779	%35.00
10	Receivables secured by commercial real estate mortgages	30,259	5,027	30,260	2,464	16,874	%51.57
11	Overdue receivables	829,350	-	303,566	-	491,120	%97.53
12	Receivables with high risk determined by the Board	78,990	-	881	-	642	%72.87
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments as a collective investment institution	-	-	-	-	-	-
16	Other receivables	376,894	-	376,894	-	274,575	%72.85
17	Stock investments	7,796	-	7,796	-	7,796	%100.00
18	Total	5,587,820	1,156,814	4,341,643	920,425	2,951,458	%56.09

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II. Explanations Related to Credit Risk (cont'd)

Standard approach: Receivables by asset classes and risk weights

	Asset classes/ Risk weight 31 December 2021	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit risk exposure amount (after CCF and CRM)
1	Receivables from central governments or central banks	1,369,915	-	-	-	-	-	-	-	-	1,369,915
2	Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and intermediary institutions	-	-	361,217	-	251,009	-	709	40	-	613,065
7	Corporate receivables	-	-	396,494	-	142,962	-	1,805,867	819	-	2,346,142
8	Retail receivables	-	-	-	-	-	267	-	23	-	290
9	Receivables secured by a residential real estate mortgage	-	-	-	10,796	-	-	-	-	-	10,796
10	Receivables secured by commercial real estate mortgages	-	-	-	-	31,698	-	1,026	-	-	32,724
11	Overdue receivables	-	-	-	-	92,092	-	344,275	67,199	-	503,566
12	Receivables with high risk determined by the Board	-	-	-	-	624	-	110	147	-	881
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-
15	Investments as a collective investment institution	-	-	-	-	-	-	-	-	-	-
16	Stock investments	-	-	-	-	-	-	7,796	-	-	7,796
17	Other Receivables	102,319	-	-	-	-	-	274,575	-	-	376,894
18	Total	1,472,234	-	757,711	10,796	518,475	267	2,434,358	68,228	-	5,262,069

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III. Explanations Related to Counterparty Credit Risk

The objection of counterparty and financial institutions credit risk determination process is to identify the default risk of counterparties and financial institutions which the bank has indirectly or indirectly anticipated risk through the bank or plans to receive the risk in the future and to establish risk-based limits for current and future counterparties and financial institutions.

There is no operational limit allocation method determined within the scope of internal capital calculated for "Counterparty Credit Risk" ("CCR") and "Central Counterparty Risk" ("CCP").

The Bank calculates the risks of the CCR and CCP in accordance with the regulations of the BRSA by using the fair valuation method and includes it to CAR. Repo-Reverse Repo transactions use BIST Repo Reverse Repo Market and CBRT OMT Repo Market. The counterparty risk products consist of liquid products issued by the CBRT. Private sector and foreign collateral are not used as policy. Derivative products are made for hedging purposes and are made within the limits determined by the reporters. The Bank does not open positions as a policy.

There are no rules for risk reversal.

In the event that there is a decrease in the credit rating, the amount of the additional collateral that the Bank has to give is not included in the Bank portfolio if there is a decrease in the credit rating of the bank.

Analysis of counterparty credit risk (CCR) exposure by approach

		Revaluation cost	Potential credit risk amount	EEPRA (*)	The alpha used to calculate the legal risk amount	Risk amount after credit risk mitigation	Risk weighted amounts
	31 December 2021						
1	Standard Approach-CCR (for derivatives)	-	9,582	-	1,4	9,582	9,424
2	Internal Model Approach (derivative financial instruments, repurchase agreements, securities or commodities lending or borrowing transactions, transactions with long clearing periods, and margin securities transactions)						
3	Simple method for credit risk mitigation - (for repurchase transactions, securities or commodities lending or borrowing transactions, transactions with long clearing periods, and overdraft transactions)						
4	Comprehensive method for credit risk mitigation - (for repurchase transactions, securities or commodity lending or borrowing transactions, transactions with long clearing periods, and overdraft transactions)	-	695,509	-	-	695,509	-
5	Value-at-risk for repurchase agreements, securities or commodities lending or borrowing transactions, long clearing transactions, and overdraft transactions						
6	Total	-	705,491	-	-	705,491	9,424

(*) Effective expected positive risk amount

Capital requirement for credit valuation adjustments

		Risk amount (After the use of credit risk mitigation techniques)	Risk weighted amounts
	31 December 2021		
	Total portfolio value with comprehensive approach CVA capital adequacy		
1	(i) Value at risk component (3*multiplier included)	-	-
2	(ii) Stressed Value at Risk (3*multiplier included)	-	-
3	Total portfolio value with standard approach CVA capital adequacy	0,04	0,04
4	Total amount of CVA capital adequacy	0,04	0,04

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III. Explanations Related to Counterparty Credit Risk (cont'd)

Standard approach - Counterparty credit risk by risk classes and risk weights

Risk weights Risk Classes 31 December 2021	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk (*)
Receivables from Central governments and central banks	695,909	-	-	-	-	-	-	-	695,909
Receivables from Local governments and municipalities	-	-	-	-	-	-	-	-	-
Receivables from Administrative and noncommercial	-	-	-	-	-	-	-	-	-
Receivables from Multilateral Development Bank	-	-	-	-	-	-	-	-	-
Receivables from International Organizations	-	-	-	-	-	-	-	-	-
Receivables from Banks and Intermediary Institutions	-	-	198	-	-	-	-	-	198
Corporate receivables	-	-	-	-	-	9,384	-	-	9,384
Retail receivables	-	-	-	-	-	-	-	-	200
Mortgage receivables	-	-	-	-	-	-	-	-	-
Non performing receivables	-	-	-	-	-	-	-	-	-
High risk defined receivables	-	-	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
Stock investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	695,909	-	198	-	-	9,384	-	-	705,491

(*) Total credit risk: The amount related to the capital adequacy calculation after applying the counterparty credit risk measurement techniques.

Collaterals for counterparty credit risk

31 December 2021	Derivative financial instrument collaterals				Other transaction collaterals	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Allocated	Unallocated	Allocated	Unallocated		
Cash - local currency	-	-	-	-	695,909	-
Cash - foreign currency	-	-	-	-	-	-
Government bonds/bills - domestic	-	-	-	-	-	765,487
Government bonds/bills - other	-	-	-	-	-	-
Public institution bonds/bonds	-	-	-	-	-	-
Corporate bonds/bonds	-	-	-	-	-	-
Share certificate	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	695,909	765,487

Credit Derivatives

There are no credit derivatives in the Bank.

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III. Explanations Related to Counterparty Credit Risk (cont'd)

Risks to the central counterparty

None.

IV. Explanations Related to Currency Risk

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and value at risk is calculated by using the standard method.

The Board of Directors sets limits for the positions and stop losses, which are followed up daily and weekly. Any possible changes in the foreign currency transactions in the Bank's positions are also monitored.

The announced current foreign exchange buying rates of the Bank at 31 December 2021 and the previous five working days in full TRY are as follows (Bank's FC evaluation rates):

	24 December 2021	27 December 2021	28 December 2021	29 December 2021	30 December 2021	31 December 2021
USD	11.5032	11.2659	11.7446	12.5589	13.0049	13.5104
CHF	12.5130	12.2491	12.8061	13.6876	14.1869	14.8142
GBP	15.4150	15.1206	15.7985	16.8906	17.5332	18.2349
100 JPY	10.0510	9.8110	10.2300	10.9180	11.2830	11.7290
EURO	13.0173	12.7377	13.2907	14.2075	14.6959	15.3242

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before at 31 December 2021 are as follows:

	Monthly Average Foreign Exchange Rate
USD	13.6543
CHF	14.8234
GBP	18.1704
100 JPY	11.9878
EURO	15.4327

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IV. Explanations Related to Currency Risk (cont'd)

31 December 2021	EURO	USD	YEN	OTHER FC	TOTAL
Assets					
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Purchased, Precious Metal Reserve) and the Central Bank of Turkey	44,242	531,655	-	58	575,955
Banks	46,854	758,865	1,440	6,376	813,535
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-
Receivables from Money Markets	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	14	-	-	14
Loans Given (*)	305,910	440,305	-	-	746,215
Associates, Subsidiaries and Joint Ventures (Joint partnerships)	-	-	-	-	-
Investments Held to Maturity	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (****)	98,126	3	-	-	98,129
Total Assets	495,132	1,730,842	1,440	6,434	2,233,848
Liabilities					
Bank Deposits	-	237	-	-	237
Currency Deposit Account	501,711	1,591,111	24	5,046	2,097,892
Payables to Money Markets	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	1,675	56,045	12	4	57,736
Total Liabilities	503,386	1,647,393	36	5,050	2,155,865
Net Balance Sheet Position	(8,254)	83,449	1,404	1,384	77,983
Net Off-Balance Sheet Position					
Receivables from Derivative Financial Instruments (***)	8,735	(91,780)	-	-	(83,045)
Payables from Derivative Financial Instruments (***)	9,501	4,053	-	-	13,554
Non-Cash Loans (**)	(766)	(95,833)	-	-	(96,599)
	500,120	797,691	-	13,740	1,311,551
31 December 2020					
Total Assets (*) (****)	308,237	753,290	794	10,307	1,072,628
Total Liabilities	314,925	877,515	7	8,984	1,201,431
Net Balance Sheet Position	(6,688)	(124,225)	787	1,323	(128,803)
Net Off-Balance Sheet Position	3,004	122,391	-	-	125,395
Receivables from Derivative Financial Instruments (***)	7,675	184,812	-	-	192,487
Payables from Derivative Financial Instruments (***)	(4,671)	(62,421)	-	-	(67,092)
Non-Cash Loans (**)	495,221	239,347	-	-	734,568

(*) Loans include Currency Indexed loan accounts amounting to TL 1,124 (31 December 2020: TL 7,196).

(**) It has no effect on the net off-balance sheet position.

(***) It also includes forward asset purchase and sale commitments amounting to TL 13,554 and TL 20,395 (31 December 2020: TL 630 and TL 2,238).

(****) Foreign currency amounts that are not included in the currency risk table in accordance with the Regulation on the Calculation of the Foreign Currency Net General Position / Equity Standard Ratio are disclosed according to the order in the financial statements:

Derivative financial assets held for trading: None (31 December 2020: None).

Derivative financial liabilities held for trading: TL 76,204 (31 December 2020: None).

Foreign currency sensitivity

The following table details the Bank's sensitivity to a 10% increase or decrease in the TL against USD and EURO. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. Positive/ (Negative) number indicates a change in profit or loss and other equity where USD and EUR increase 10% against TL.

	Change in currency rate in %	Effect on profit/loss		Effect on equity	
		31 December 2021	31 December 2020	31 December 2020	31 December 2020
US Dollar	10 increase	(833)	(406)	-	-
US Dollar	10 decrease	833	406	-	-
EURO	10 increase	(48)	(1)	-	-
EURO	10 decrease	48	1	-	-
Other Currency	10 increase	279	271	-	-
Other Currency	10 decrease	(279)	(271)	-	-

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V. Explanations Related to Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and the Asset-Liability Committee manages it. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

Risk Department performs duration, maturity and sensitivity analysis to protect the effect of interest rate volatility and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budgeted targets.

The Bank management follows the market interest rates daily and revises the interest rates of the Bank whenever necessary.

Since the Bank does not permit maturity mismatches or imposes limits on mismatch, a significant interest rate risk exposure is not expected.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
31 December 2021							
Assets							
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Purchased, Precious Metal Reserve) and the Central Bank of Turkey	-	612,385	-	-	-	109,412	721,797
Banks	-	256,722	-	-	-	556,982	813,704
Financial Assets at Fair Value Through Profit or Loss							
Receivables from Money Markets	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	14	-	138	152
Loans Given (*)	1,624,740	115,865	120,181	551	-	473,982	2,335,319
Financial Assets at Amortized Cost	-	1	435,593	424,386	-	-	859,980
Other Assets (**)	-	5,785	-	-	-	341,298	347,083
Total Assets	1,624,740	990,758	555,774	424,951	-	1,481,812	5,078,035
Liabilities							
Bank Deposits	-	-	-	-	-	1,202	1,202
Other Deposits	2,256,779	694,532	23,724	-	-	477,603	3,452,638
Payables to Money Markets	710,913	-	-	-	-	-	710,913
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (***)	194,577	668	-	-	-	718,037	913,282
Total Liabilities	3,162,269	695,200	23,724	-	-	1,196,842	5,078,035
Balance Sheet Long Position	-	295,558	532,050	424,951	-	284,970	1,537,529
Balance Sheet Short Position	(1,537,529)	-	-	-	-	-	(1,537,529)
Off-Balance Sheet Long Position	-	-	-	-	-	82,023	82,023
Off-Balance Sheet Short Position	-	-	-	-	-	(76,203)	(76,203)
Total Position	(1,537,529)	295,558	532,050	424,951	-	290,790	5,820

(*) Up to 1-month column consist of revolving loans and corporate FC indexed loans.

(**) Other assets line in the interest-free column includes tangible fixed assets amounting to TL 29,578, intangible assets amounting to TL 13,539, fixed assets held for sale amounting to TL 103,104, sundry receivables amounting to TL 8,216, deferred tax receivables amounting to TL 28,027 and other assets amounting to TL 158,834.

(***) Other liabilities line in the interest-free column includes equity amounting to TL 537,864, provisions amounting to TL 162,108 and other liabilities amounting to TL 18,065.

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V. Explanations Related to Interest Rate Risk (cont'd)

	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
31 December 2020							
Assets							
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Purchased, Precious Metal Reserve) and the Central Bank of Turkey	-	249,602	-	-	-	67,869	317,471
Banks	-	133,385	-	-	-	196,618	330,003
Financial Assets at Fair Value Through Profit or Loss							
Financial Assets	-	-	-	-	-	-	-
Receivables from Money Markets	249,152	-	-	-	-	-	249,152
Financial Assets Ready to be Sold	-	-	-	8	-	138	146
Loans Given (*)	640,029	192,775	327,428	174,254	-	346,374	1,680,860
Held-to-Maturity Investments	-	19,657	4	-	-	-	19,661
Other Assets (**)	-	-	-	-	-	470,413	470,413
Total Assets	889,181	595,419	327,432	174,262	-	1,081,412	3,067,706
Liabilities							
Bank Deposits	-	-	-	-	-	1,113	1,113
Other Deposits	1,317,319	672,396	92,066	-	-	197,104	2,278,885
Payables to Money Markets	10,308	-	23,736	-	-	-	34,044
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	262	-	-	-	-	-	262
Other Liabilities (***)	93,880	3,873	-	-	-	655,649	753,402
Total Liabilities	1,421,769	676,269	115,802	-	-	853,866	3,067,706
Balance Sheet Long Position	-	-	211,630	174,262	-	227,546	613,438
Balance Sheet Short Position	(532,588)	(80,850)	-	-	-	-	(613,438)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(532,588)	(80,850)	211,630	174,262	-	227,546	-

(*) Revolving loans and Corporate Currency Indexed revolving loans are classified in the Up to 1 month column.

(**) Other assets line in the non-interest column includes tangible assets amounting to TL 42,326, intangible assets amounting to TL 8,796, non-current assets held for sale amounting to TL 179,054, sundry receivables amounting to TL 143,558, deferred tax receivables amounting to TL 43,205 and other assets amounting to TL 53,560.

(***) Other liabilities line in the interest-free column includes equity amounting to TL 480,991, provisions amounting to TL 144,549 and other liabilities amounting to TL 30,109.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TL %
31 December 2021				
Assets				
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Purchased) and The Central Bank of Turkey	-	-	-	8.50
Banks	-	0.08	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-
Receivables from Money Market	-	-	-	17.15
Financial Assets Measured at Fair Value through Other Comprehensive	-	7.38	-	-
Loans Given	3.28	3.99	-	21.07
Financial Assets Measured at Amortized Cost	-	-	-	14.81
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	0.52	1.51	-	17.97
Money Market Borrowings	-	-	-	17.23
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-

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V. Explanations Related to Interest Rate Risk (cont'd)

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TL %
31 December 2020				
Assets				
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Purchased) and The Central Bank of Turkey	-	-	-	13.50
Banks	-	0.93	-	9.17
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-
Receivables from Money Market	-	-	-	8.63
Financial Assets Measured at Fair Value through Other Comprehensive	-	7.38	-	9.66
Loans Given	4.14	4.72	-	15.73
Financial Assets Measured at Amortized Cost	-	-	-	6.09
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	0.51	1.92	-	10.97
Money Market Borrowings	-	-	-	10.32
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	8.92

Interest rate risk arising from banking accounts:

According to the "Regulation on Measurement and Evaluation of the Interest Rate Ratio of Banking Accounts Based on Standard Shock", which is divided into different currencies of the Bank, the following table shows the economic value differences arising from interest rate fluctuations as of 31 December 2021:

Type of Currency	Shocks Applied (+ / - basis points)*	Gains / Losses	Gains / Equity – Losses / Equity
TL	500	(84,707)	(15%)
	(400)	79,008	14%
EURO	200	(914)	(0%)
	(200)	945	0%
US Dollar	200	(2,253)	(0%)
	(200)	2,333	0%
Total (of Negative Shocks)		82,286	15%
Total (of Positive Shocks)		(87,873)	(16%)

* Separate lines are entered for each shock with a different magnitude and direction applied to a currency.

VI. Explanations on Stock Position Risk

The Bank has no outstanding stock position.

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VII. Explanations on Liquidity Risk and Liquidity Coverage Ratio

Liquidity risk is the risk that arises as a result of not having enough cash or cash inflows to meet the cash outflows fully and on time as a result of the imbalance in the cash flow.

Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to barriers and break-ups at the markets.

The Bank's policy is to establish an asset structure that can meet all kinds of liabilities by liquid sources at all times. In this context, liquidity problem has not been faced in any period. In order to maintain this, the Board of Directors of the Bank continuously determines standards for the liquidity ratios and monitors them.

In accordance with the Bank's general policies, the harmony of maturity structures of assets and liabilities and interest rates is ensured within the Asset-Liability Management strategies, and the difference between the return and cost of Asset-Liability items in the balance sheet is constantly tried to be managed positively. In line with this strategy, various crisis scenarios created by the Risk Management Group are presented to the Senior Management and the Audit Committee.

When the funding and liquidity sources are considered, the Bank covers majority of its liquidity need by deposits, and in addition to this source, it makes use of pre-financing and syndication products to generate additional sources.

The Bank calculated liquidity adequacy ratio in both foreign currency and total amount as per Basel III and reported to BRSA according to Bank's Regulation on Measurement and Evaluation of Liquidity Adequacy Ratio declared in 2013. Furthermore, the Bank reports liquidity risk analysis form weekly to BRSA in 2013.

While the unconsolidated FC liquidity coverage ratios calculated weekly for the last three months were the lowest (20/12/2021) (377.55%) and the highest FX (19/10/2021) (515.47%), total liquidity coverage ratios are the lowest (21/12/2021) (298.52%) and the highest (12/11/2021) (398.56%).

Liquidity risk in a Bank is evaluated separately with respect to normal market conditions and market fluctuations, which can possibly occur. The bank makes the required diversification in its assets and liabilities via considering related currencies in order to meet its obligation to pay.

Liquidity deficit report is issued through the quantitative evaluation of daily and cumulative deficits in local currency and foreign currency in the framework of ordinary and stressful environment. Liquidity deficit report includes deficit-maturing liabilities in any period of borrowings and placements made in order to replacement assets. Liquidity deficit report is based on current balance sheet and includes off-balance sheet derivative transactions and commitments, which can affect the balance sheet. Liquidity report is issued quarterly over TL and foreign currency.

Liquidity Risk Measurement is to determine the non-conformance between assets and liabilities, which can occur because of challenges encountered in decreasing the asset positions if the assets of the Bank are pledged, and the assets cannot be sold with relative ease or the market returns to liquid assets at different levels. The liquidity of the Bank is designed to meet the due liabilities of the bank. The courses followed by the bank to reach the aforementioned purpose are as follows:

- Measurement of day liquidity
- Short-term funding
- Liquid assets
- Structural liquidity
- Diversification of liquidity resources
- Stress tests

The Treasury department in coordination with marketing department performs liquidity management while stress test and scenario analyses studies are performed under the coordination of Risk Management Group with the views and suggestions of other related departments. Results of stress test are reported to executives regularly and submitted to Audit Committee quarterly by the Risk Management Group. Loan losses, delays in loan repayment and deposit withdrawals are used as variables in these stress test scenarios. Additional capital allocation is not made for liquidity risk.

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VII. Explanations on Liquidity Risk and Liquidity Coverage Ratio (cont'd)

Stress tests examine the possible effect of an event on balance sheet and net potential cumulative deficit quantitatively and foresee the required additional funding with respect to a defined stress scenario. Stress tests are performed quarterly over TL and foreign currency unless they are required to be performed more often due to a change occurring in market conditions.

The Bank operates periodical liquidity analyses, which compare the inflows and outflows of funds and cover a specific period. The following issues are taken into consideration in these analyses:

- Assumptions based on anticipated inflow and outflow of funds
- Capability of bank to convert its assets into cash
- Liquidity instruments provided by the Central Bank
- Loss of value which occurs while liquidating assets in market fluctuations
- Market conditions for specified several asset classifications

Sensitivity tests are performed periodically with scenarios, which are peculiar to banks and particular to the market. These scenarios are reviewed periodically.

Chief Economist presents a short explanation regarding the recent developments in market in Committee of Assets and Liabilities meetings. Departments of Treasury, Budget Planning and Management Reporting and Retail Banking inform the Committee regarding the recent liquidity of the Bank.

Credit/Deposit rate defined by the Board of Directors of the Bank provides short-term liquidity needs of the bank not to drop below a certain level of liquidity. The Credit/Deposit rate is monitored by departments of Treasury, Budget Planning and Management Reporting and Retail Banking and discussed in Committee of Assets and Liabilities meetings. Decisions regarding liquidity are made in the light of aforementioned information. The Treasury examines weekly Liquidity Analysis Form, biweekly Stock Liquidity Rate Notification Form and weekly Liquidity Rate Notification Form (first maturity segment) and related departments in order to determine liquidity balance between assets and liabilities of the Bank in accordance with the communique of Banking Regulation and Supervision Agency.

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VII. Explanations on Liquidity Risk and Liquidity Coverage Ratio (cont'd)

Liquidity Coverage Ratio:

31 December 2021		Total Value with Disregard Ratio Unapplied (*)		Consideration Rate Applied Total Value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets			652,361	423,604
CASH OUTFLOWS					
2	Real person deposits and retail deposits	1,835,825	925,245	174,788	92,512
3	Stable deposit	177,366	1,503	8,867	75
4	Low stable deposit	1,658,460	923,741	165,921	92,437
5	Unsecured debts excluding real person deposits and retail deposits	908,064	553,735	460,256	254,271
6	Operational deposit	-	-	-	-
7	Non-operational deposit	737,212	494,843	290,193	195,337
8	Other unsecured borrowings	170,852	58,892	170,063	58,934
9	Secured borrowings			-	-
10	Other cash outflows	846,090	521,356	123,039	56,175
11	Derivative liabilities and collateral liabilities	115	56	114	56
12	Payables from structured financial instruments	-	-	-	-
13	Payment commitments for debts to financial markets and other off-balance sheet liabilities	845,975	521,300	122,925	56,119
14	Non-revocable off-balance sheet liabilities and other contractual Liabilities	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet liabilities	-	-	-	-
16	TOTAL CASH OUTFLOWS			758,083	402,958
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	751,729	464,636	712,461	447,592
19	Other cash inflows	879	782	863	766
20	TOTAL CASH INFLOWS	752,608	465,418	713,324	448,358
				Üst Sınır Uygulanmış Değerler	
21	TOTAL STOCK OF HQLA			652,361	423,604
22	TOTAL NET CASH OUTFLOWS			189,521	100,740
23	LIQUIDITY COVERAGE RATIO (%)			344.22	420.49

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

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VII. Explanations on Liquidity Risk and Liquidity Coverage Ratio (cont'd)

Liquidity Coverage Ratio (cont'd):

31 December 2020		Total Value with Disregard Ratio Unapplied		Consideration Rate Applied Total Value	
		(*)		(*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets			513,296	323,932
CASH OUTFLOWS					
2	Real person deposits and retail deposits	1,568,835	815,999	149,990	82,498
3	Stable deposit	170,125	1,693	8,597	85
4	Low stable deposit	1,398,710	814,306	141,393	82,413
5	Unsecured debts excluding real person deposits and retail deposits	597,281	331,342	297,101	147,592
6	Operational deposit	-	-	-	-
7	Non-operational deposit	498,825	305,402	197,577	121,349
8	Other unsecured borrowings	98,456	25,940	99,524	26,243
9	Secured borrowings			-	-
10	Other cash outflows	631,942	255,461	104,534	27,819
11	Derivative liabilities and collateral liabilities	735	26	750	26
12	Payables from structured financial instruments	-	-	-	-
13	Payment commitments for debts to financial markets and other off-balance sheet liabilities	631,207	255,435	103,784	27,793
14	Non-revocable off-balance sheet liabilities and other contractual Liabilities	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet liabilities				
16	TOTAL CASH OUTFLOWS			551,625	257,909
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	629,562	353,942	586,509	347,737
19	Other cash inflows	621	604	635	618
20	TOTAL CASH INFLOWS	630,183	354,546	587,144	
				Upper Limit Applied Values	
21	TOTAL STOCK OF HQLA			513,296	323,932
22	TOTAL NET CASH OUTFLOWS			137,906	64,477
23	LIQUIDITY COVERAGE RATIO (%)			372.21	502.40

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

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VII. Explanations on Liquidity Risk and Liquidity Coverage Ratio (cont'd)

A decrease is observed in cash inflow and outflows in parallel with the decrease in the volume of credit and deposit. Additionally, liabilities of the bank with respect to these transactions increase in parallel with the derivative transactions made in order to minimize the currency risk of the Bank.

High quality liquid assets consist of cash assets, central banks, securities held for trading and reverse repo items.

A significant proportion of daily cash inflow of the Bank consists of payments related to loans issued and placement of banks while a significant proportion of daily cash outflow of the Bank consists of payments related to collected deposits. Domestic and foreign banks and loan clients constitute the resource of cash inflows. The bank applies limits for the transactions, which shall be made with domestic and foreign banks, and these limits are monitored by the Risk Management Department daily.

The Bank has performed forward exchange, swap and option transactions with foreign financial institutions during 2021.

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VII. Explanations on Liquidity Risk and Liquidity Coverage Ratio (cont'd)

Presentation of assets and liabilities according to their remaining maturities:

31 December 2021	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Received, Precious Metal Reserve) and Central Bank of Turkey (****)	316,194	307,679	94,689	3,235	-	-	-	721,797
Banks	556,982	-	256,722	-	-	-	-	813,704
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-
Receivables from Markets	-	-	-	-	-	-	-	-
Financial Assets at Fair Value at Other Comprehensive Income	138	-	-	-	14	-	-	152
Loans Given (**)	-	1,624,740	115,865	120,181	551	-	473,982	2,335,319
Financial Assets Measured at Amortized Cost	-	-	1	435,590	424,389	-	-	859,980
Other Assets	-	-	5,785	-	-	-	341,298	347,083
Total Assets	873,314	1,932,419	473,062	559,006	424,954	-	815,280	5,078,035
Liabilities								
Bank Deposits	1,202	-	-	-	-	-	-	1,202
Other Deposits	477,603	2,256,779	694,532	23,724	-	-	-	3,452,638
Funds from Other Financial Institutions	-	710,913	-	-	-	-	-	710,913
Payables to Money Markets	-	-	-	-	-	-	-	-
Issued Securities	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	194,577	668	-	-	-	718,037	913,282
Total Liabilities	478,805	3,162,269	695,200	23,724	-	-	718,037	5,078,035
Liquidity Deficit	394,509	(1,229,850)	(222,138)	535,282	424,954	-	97,243	-
31 December 2020								
Total Assets	303,774	1,022,362	413,782	336,734	174,267	-	816,787	3,067,706
Total Liabilities	198,217	1,421,769	676,269	115,802	-	-	655,649	3,067,706
Liquidity Deficit	105,557	(399,407)	(262,487)	220,932	174,267	-	161,138	-
Net Off-Balance Position								
Receivables from Derivative Financial Instruments	-	-	5,126	694	-	-	-	5,820
Payables from Derivative Financial Instruments	-	-	50,931	31,092	-	-	-	82,023
Non-Cash Loans	-	217,740	371,508	661,562	42,632	362,274	-	1,655,716

(*) The assets, which are necessary to provide banking services and cannot be liquidated in the short term, such as tangible assets, investments in subsidiaries and associates and non-performing loans are classified under undistributed.

(**) Shareholders' equity is shown under "other liabilities" in "undistributed column".

(***) Revolving loans are classified in up to 1-month column.

(****) Reserve requirement distribution is based on maturity distribution of liabilities on which the reserve is calculated.

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VII. Explanations on Liquidity Risk and Liquidity Coverage Ratio (cont'd)

Analysis of financial liabilities by remaining contractual maturities:

	Up to 1 Month (**)	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments (*)	Total
31 December 2021							
Bank Deposits	1,202	-	-	-	-	-	1,202
Other Deposits	2,742,519	703,531	25,032	-	-	(18,444)	3,452,638
Payables to Money Markets	710,913	-	-	-	-	-	710,913
Funds Provided from Other Financial Institutions	-	-	-	-	-	-	-
Total	3,454,634	703,531	25,032	-	-	(18,444)	4,164,753
31 December 2020							
Bank Deposits	1,113	-	-	-	-	-	1,113
Other Deposits	1,519,858	682,242	95,330	-	-	(17,882)	2,279,548
Payables to Money Markets	10,354	-	24,718	-	-	(1,028)	34,044
Funds Provided from Other Financial Institutions	262	-	-	-	-	-	262
Total	1,531,587	682,242	120,048	-	-	(18,910)	2,314,967

(*) Interest to be paid until the maturity date of the balance sheet.

(*) Includes demand deposits.

Analysis of contractual expiry by maturity of the Bank's derivative financial instruments is as follows:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
31 December 2021						
Trading Derivatives Instruments						
Foreign Exchange Derivatives	-	5,126	694	-	-	5,820
- Addition	-	50,931	31,092	-	-	82,023
- Disposal (-)	-	45,805	30,398	-	-	76,203
Interest Rate Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Hedging Assets						
Foreign Exchange Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Interest Rate Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Total cash inflow	-	50,931	31,092	-	-	82,023
Total cash outflow	-	45,805	30,398	-	-	76,203

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
31 December 2020						
Trading Derivatives Instruments						
Foreign Exchange Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Interest Rate Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Hedging Assets						
Foreign Exchange Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Interest Rate Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Total cash inflow	-	-	-	-	-	-
Total cash outflow	-	-	-	-	-	-

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VIII. Explanations Related to Leverage Ratio

Information on subjects that cause difference in leverage ratio between current and prior periods:

As of 31 December 2021, the leverage ratio of the Bank calculated from quarterly average amounts is 12.59% (31 December 2020: 14.08%). This rate is above the minimum rate. The regulation stipulates the minimum leverage ratio as 3%.

Leverage ratio:

	On-balance sheet assets	31 December 2021 (*)	31 December 2020 (*)
1	On-balance sheet assets (except derivative financial instruments and credit derivatives, including collateral)	3,848,194	3,388,853
2	(Assets deducted from Tier 1 capital)	(570,901)	(595,249)
3	Total risk amount for on-balance sheet assets (Total of lines 1 and 2)	3,277,293	2,793,604
	Derivative financial instruments and credit derivatives		
4	Replacement cost of derivative financial instruments and credit derivatives	3,997	4,398
5	Potential credit risk amount of derivative financial instruments and credit derivatives	34,721	66,147
6	Total risk amount for derivative financial instruments and credit derivatives (Total of lines 4 and 5)	38,718	70,545
	Securities or commodity-backed financing transactions		
7	Risk amount of securities or commodity-backed financing transactions (excluding on-balance sheet)	-	-
8	Amount of risk arising from brokered transactions	-	-
9	Total exposure to securities or commodity-backed financing transactions (Total of lines 7 and 8)	-	-
	Off-balance sheet transactions		
10	Gross nominal amount of off-balance sheet transactions	1,276,137	1,010,316
11	(Adjustment amount due to multiplication of conversion rates)	(281,148)	(289,118)
12	Total risk amount related to off-balance sheet transactions (Total of lines 10 and 11)	994,989	721,198
	Capital and Total risk		
13	Main capital	532,493	483,381
14	Total risk amount (Total of lines 3, 6, 9 and 12)	4,311,000	3,585,347
	Leverage ratio		
15	Leverage ratio	%12.59	%14.08

(*)The three-month average of the amounts in the table is taken.

IX. Explanations Related to Market Risk

Market risk is the risk that influence the Bank's income, capital or the supporting capacity of business development according to the changes of the market rate or the prices related to the market rate, stock prices, credit margins and currency rates. The description of market risk element is mentioned below:

a. Interest Rate Risk is the influence on market value of equity and the Bank's income according to the changes in interest rate. This risk divided to two risks:

Specific Risk: It causes by adverse price movements in debt securities or the factors related to issuer.

General Market Risk: It causes by adverse market conditions.

b. Equity Position Risk: It is the risk that the depreciation of Bank's investments caused by the dynamics of stock market.

c. Currency Risk: It causes by net foreign currency position including the balance sheet and off-balance sheet transactions.

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IX. Explanations Related to Market Risk (cont'd)

The market risk caused by trading portfolio, is calculated by standardized approach and the result is used in determining the amount of capital required for the market risk. The primary market risk types of the Bank are currency risk, interest rate risk, investment and asset/liability management activities. The influence of different factors in different scenarios to the market risk is analyzed by using stress tests. The changes in the currency and interest rate in TL and FC are the basic parameters of the stress tests and scenario analysis. There is an economic capital limit determined by Board Decision for stress tests. The effect of one point difference in interest rate to all assets and liabilities of the Bank which are sensitive to the interest rate is calculated for TL and FC separately. The results of the stress tests and scenario analysis are presented to the ALCO weekly, the Board of Directors and the Audit Committee quarterly. The results are taken into account in decision-making processes.

The market risk of the Bank measured by consistent risk measurement models, methods such as interest rate/price volatility levels and Value at Risk (VAR), establishing appropriate procedures for controls and observing compliance with predetermined risk limits, ultimately to search and find risk sources within the organizational structure and to provide consistent information on market risk for all levels of the organization.

Market risk management is conducted in coordination with Risk Management Market Risk Unit, Treasury and Financial Institutions departments. The market is monitored at weekly ALCO meetings and necessary actions are taken. The limits determined by the Bank's Board of Directors are monitored on a daily basis. In the event of oversight, the relevant unit/department managers, the oversight information is sent to the Board Member Responsible for Internal Systems and General Manager and the results are monitored. The related parties are in communication from the creation of market risk management structure to the follow-up operation of the structure. The Financial Institutions Department and the Risk Management Department work in coordination to monitor the Country and Correspondent Bank limits and risks. Similarly, there is a coordination in the ISEDES/ICAAD work. In this context, Financial Institutions act as approval authority and Risk Management as reviewer authority.

Weekly market risk reports are prepared and presented to ALCO. On a quarterly basis, the Audit Committee and the Board of Directors are informed by reports. Value at Risk (VAR) calculations are made through the market risk module and reported to the relevant departments/units. For these calculations, market data is withdrawn at the same period and transferred to the market risk module. VAR calculations include market sensitive instruments such as securities in the Bank's portfolio (TL/FC) and foreign exchange position.

Market risk under standardized approach

		RWA
	Outright products	
1	Interest rate risk (general and specific)	8,000
2	Equity risk (general and specific)	-
3	Foreign exchange risk	8,329
4	Commodity risk	-
5	Options	-
6	Simplified approach	-
7	Delta-plus method	-
8	Scenario approach	-
9	Securitisation	-
10	Total	16,329

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X. Explanations Related to Operational Risk

Basic indicators method:

	2 PY Amount	1 PY Amount	CY Amount	Total/ Positive Number of years	Rate (%)	Total
Gross income	224,513	20,756	139,631	128,300	15	19,245
The Amount Subject to Operational Risk (Total*12.5)						240,562

Operational risk is the risk of a loss resulting from inadequate or failed internal processes, employee faults or system errors or external factors. The Bank's units manage this risk through clearly defined policies, procedures and internal controls. The risks related to the banking processes and the controls related to these risks are based on the inventory of the Inspection Board and Internal Control Center and are updated annually.

Risk Management Group calculates operational risk according to Basel II Basic Indicator Method. The Risk Management Group raises awareness about operational risks, audits and residual risks by reporting to the Senior Management. In addition, there is a risk appetite limit based on the professional risk loss amount approved by the Board of Directors.

Thanks to the application it uses to centrally manage operational risks, T-Bank can gather all operational and IT risks in a single center and provide control. The Risk Management Group, with the independent system it uses and ensures that operational risks and losses are recorded regularly, independent of execution and integrated with daily risk management processes.

In accordance with Procurement of Support Services, operational risk of support service firms are assessed. With departments related with support service firms, risk analysis studies are conducted by Risk Management Group. For support service firms, annual risk management program is formed and then presented to the Board of Directors. In addition, the qualifications of the support services are assessed annually by the Audit Committee and the results of the assessment are presented to the Board of Directors with a report.

Implementation steps of business processes are passed through and actions are suggested for improvement in case of necessity. Relevant departments are continuously monitoring whether these actions are put into effect.

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XI. Risk Management Objectives and Policies

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. According to Communiqué must be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

Bank's Risk Management Approach

Risks for all banking processes and related sub-processes are identified and risk values are defined. In order to evaluate the effectiveness of the defined risk-based controls, the risk values are now automatically calculated and the changes are monitored continuously. The Bank focuses on lending in the corporate and SME segments, operates within the limits set for market risk, and cannot carry operational risk appetite in order to minimize operational risk. The Bank's risk profile and business model are integrated under the risk appetite policy. Accordingly, the Bank must proceed in line with the limits set in the business model.

The structure and organization of the risk management system in terms of the function and responsibilities of the Risk Management Group depends on the Board of Directors. Loyalty to the Board of Directors takes place through the Audit Committee. Risk Management conducts its activities under the supervision of the Audit Committee within the framework of the provisions of the "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process" published by BRSA. Risk management considers credit, market, interest rate, concentration, liquidity risks and operational risks in their works as the basic principle to establish the limits of these risks and control processes. The Bank has established a stress-test-driven management by taking into account the changes in the market, as well as the maximum amount of loss that may arise in Credit Risk, Operational Risk, Market Risk and other risks within the scope of internal capital management.

Policies, procedures, workflows and similar documents published by internal systems and all other departments are in a common portal accessible to all bank employees, and changes made to existing documents or newly published documents are provided to employees via e-mail. There are many policies and procedures including Credit Policy, Risk Management Policies (Risk Appetite Policy, Market Risk, Liquidity Risk, Operational Risk, Concentration Risk, Country and Counterparty Risks etc.) assessed and reviewed annually.

The Risk Management Department inform the Board of Directors and top management by monthly basis reports on credit risk, market risk, and operational risk areas. Credit risk concentration (borrower/group, business line, sector, maturity, currency, collateral etc.), analyses on the defaulting loan portfolio and stress tests, and analyses of capital adequacy; internal and legal market risk limits and compliance with operational risk losses. Apart from this, with the PD analysis reports made in the field of Credit Risk for 3 months, various breakdowns are analysed based on the number of defaults in which the borrower has the default rate. In addition, the report of the Audit Committee, which is prepared for 3 months, includes analyses on all risk types (capital adequacy, limits on market and liquidity risk, defaulting loan portfolio, sectoral information, credit concentration, risks related to information technology, etc.).

The Bank reduces the risks arising from the credit activity as determined by the process and policies it has established. The main instrument used in risk mitigation is collateral, and the collaterals obtained by the collateralization policy are managed by the Credits and Risk Management divisions such as portfolio, customer, collateral type, etc. and monitored regularly.

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XI. Risk Management Objectives and Policies (cont'd)

Overview of Risk Weighted Assets

	RWA		Minimum capital liability
	31 December 2021	31 December 2020	31 December 2021
1 Credit risk (excluding counterparty credit risk)	2,942,034	2,362,686	235,363
2 Standardized approach	2,942,034	2,362,686	235,363
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	9,424	195,537	754
5 Standardized approach for counterparty credit risk	9,424	195,537	754
6 Internal model method	-	-	-
7 Stock positions in the banking account in the simple risk weight approach or the internal models approach	-	-	-
8 Investments in KYK-content method	-	-	-
9 Investments in KYK-prospectus method	-	-	-
10 Investments in KYK-1250% risk weight method	-	-	-
11 Exchange risk	-	-	-
12 Securitization positions in banking accounts accounts	-	-	-
13 IRB rating-based approach	-	-	-
14 IRB supervisor formula approach	-	-	-
15 Standard simplified supervisor formula approach	-	-	-
16 Market risk	16,329	4,165	1,306
17 Standart approach	16,329	4,165	1,306
18 Internal model approaches	-	-	-
19 Operational risk	240,562	300,386	19,245
20 Key indicator approach	240,562	300,386	19,245
21 Standart approach	-	-	-
22 Advanced measurement approach	-	-	-
23 Amounts below the discount thresholds from equity (Subject to 250% risk weight)	-	-	-
24 Minimum value adjustments	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	3,208,348	2,862,774	256,668

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XI. Risk Management Objectives and Policies (cont'd)

Risk management strategies and practices are defined as follows: The Bank's Risk Management Group was established in 2001 as an independent unit which reports to the Member of Audit Committee have been responsible for the Audit, Internal Control and Risk Management.

Risk management is committed to control processes in order to determine the limits and measurement of operational risks, including the risks comprising of credit, market, interest rate, concentration, counterparty, liquidity, banking accounts and IT risks.

Objective of risk policies: In line with "Regulation on Internal Systems of Banks (published in the Official Gazette dated 11 July 2014 numbered 29057)", sustaining the Bank's operations in accordance with the Banks' strategic plans, mission, targets, profitability and productivity principles by determining Bank's risk strategy and maximum risk level in line with the volume, qualification and complexity of the Bank's operations by taking into consideration the Bank's past experience and performance. Moreover, ensuring to conserve the interests of depositors and the Bank's shareholder's interest at a maximum level.

Risk management regularly reports to Senior Management and the Audit Committee all the risks the bank is exposed to and concentrations, and the Bank's own internal limits of the legal limits are monitored daily, weekly, monthly and quarterly. These reports consist of VAR analysis, market risk limits, stress testing and scenario analysis, liquidity and interest rate, economic capital and capital adequacy analysis. These reports (daily value at risk (VAR) analysis, weekly interest rate risk, market risk limits and contains the calculation of economic capital) are also presented to Asset-Liability Management Committee on a weekly basis.

Quarterly stress tests and scenario analyses on economic capital, capital adequacy, liquidity and profitability scenarios and credit risk on Bank's loan portfolio including benchmark of similar banks are presented to the Audit Committee. Management follows the Bank's performance and the limits by using these detailed reports.

The Bank has a system set reporting in accordance with the legislation and the standard shock method for measuring and evaluating the interest rate risk arising from on-balance sheet and off-balance sheet positions in the banking accounts by using the standard shock method. The Regulation on Measurement and Evaluation and the Regulation on Credit Risk Mitigation Techniques is intended to be reported based on risk classes according to the procedures described. In addition, the liquidity coverage ratio calculated under Basel III is calculated using a separate reporting system and it is aimed to measure and monitor the balance between the Bank's net cash outflows and high quality liquid assets and total and foreign currency liquidity coverage ratios.

Risk Management Group calculates Basel II capital adequacy calculation systematically, namely Credit Risk, Market Risk and Operational Risk, in accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Bank's" published in the Official Gazette dated 23 October 2015, numbered 29511.

From 1 January 2014 equity and the capital adequacy ratio of the Bank is calculated in accordance with the "Change in the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 29511, dated 23 October 2015 and "Regulation on Equities of Banks" published in the Official Gazette no.28756, dated 5 September 2013.

The Bank updated its disclosures in accordance with the "Change in the Communique on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof" published in the Official Gazette no.28983, dated 26 April 2014 and in accordance with "Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks" published in the Official Gazette no.29599, dated 20 January 2016.

At the Bank, by considering Regulation on the Internal Systems of Banks published in the Official Gazette No. 29057 dated 11 July 2014, banking processes and policies were revised. Consequently, related procedures/policies are updated/formed and then approved by the Board of Directors.

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XI. Risk Management Objectives and Policies (cont'd)

The Bank has completed and constantly updated its processes in order to manage the operational risks it is exposed to more effectively and to create an integrated risk management perspective. The Bank's operational risks and controls related to these risks are managed through a central application and are updated periodically. Issues identified in the results of the evaluation made by the Internal Systems departments are also recorded and followed up through this application. The Operational Risk Policy, in which operational risk processes are expressed, is regularly reviewed and necessary updates are made. Market Risk Policy has been established in order to define, measure, limit and report the market risk that the Bank is exposed to. While the Bank manages the Treasury securities portfolio within the market risk limits determined by the Board of Directors, the Risk Management Group checks daily whether it is within the Treasury's risk limits.

Liquidity Risk is the risk that the Bank cannot fulfil its payment obligations fully and on time due to its insufficient cash inflow or due to inadequate available cash resulting from the mismatch between cash inflows and outflows. In order to define, measure, follow, report the liquidity risk the Bank is exposed to and take necessary actions for the results, Liquidity Risk Policy is formed. When Liquidity Risk Policy is formed, to manage the net liquidity position and liquidity requirement on an ongoing and forward-looking basis is aimed at.

Concentration risk is the risk within credit risk that is exposed according to individual debtor and debtor groups, to debtor groups that indicate similar characteristics in terms of economic and regional sector qualities, on the basis of the assets subject to the collateral securities that show similar price pattern behavior; the risk that is to be considered also within the scope of the market risk and operational risk. In order to define, measure, follow and manage the concentration risk the Bank is exposed to, Concentration Risk Policy is formed. Concentration limits are monitored in compliance with the credit, deposit and related policies.

Counterparty credit risk refers to the default risk of the counterparty of the transaction before the last payment in the cash flow of this transaction of which brings an obligation to both sides. In order to define measure, follow and manage the counterparty credit risk the Bank is exposed to Counterparty Credit Risk Policy is formed. Counterparty credit risk management is conducted by the Financial Institutions Department of the Bank by taking into account the counterparty's financial reports, general overview, rating, current and expected transaction volumes with the Bank. The limits for counterparties are determined by the Board of Directors.

"Banking Book" includes all Assets and Liabilities (including credit) except trading securities portfolio. In order to define, measure, follow, report the interest rate risk related to banking book risk the Bank is exposed to and take necessary actions for the results, interest rate risk policy related to banking book is formed. Interest rate risk is managed by senior management in order to avoid losses from adverse interest rate movements.

Regarding internal assessment process which aims at the Bank has capital requirement according to its risk profile, Internal Capital Management Procedure is formed. Within internal capital management scope, the Bank has established a stress test based management by taking into account the estimated maximum loss amount that may occur in credit, operational, market and other risks as well as the changes in the market.

In order to ensure that the Bank's term deposit structure is in line with the Bank's strategies and budget targets and is in a robust and sustainable structure, Deposit Policy is formed. Policies and systems in order to define, measure and follow the concentration risk of the Bank's deposit is also explained in Deposit Policy.

Organization and structure of Risk Management Group: Risk Management Group work under the Board of Directors as their functions and responsibilities. The connection with the Board of Directors and Risk Management Group is provided through the Audit Committee.

Risk Reporting and Scope and Nature of Measurement Systems: Limits and market risk reports are presented daily basis by the Risk Management Group, value at Risk report (ALCO), ECAP stress test, scenario analysis, Duration Gap primary shock, the market data and limit reports are presented a weekly basis to Assets-Liability Committee. On a quarterly basis, the rest of the reports and other works are reported to Audit Committee and Board of Directors. The results of other studies and analysis are also reported to the Audit Committee and the Board of Directors every 3 months.

Hedging risk and process of risk mitigation policies and process related to control their effectiveness continuously: The Bank carries out risk mitigation processes and risk hedging for credit risk in accordance with credit risk policies.

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XI. Risk Management Objectives and Policies (cont'd)

Risks related to market risks are measured and monitored in line with policies and implementation procedures and are kept under control with allocated limits. Accordingly, risk limits have been allocated by the Board of Directors. Limits are monitored and reported, and in case of exceeding any limit, the excess is notified to the relevant units via written/e-mail and reported to the relevant committees. In addition, presentations are made to the Audit Committee and the Board of Directors on a quarterly basis, including information on the use cases of limits and sector concentrations of loans.

XII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value

The fair values of the Bank's financial assets and liabilities are shown below;

	Book Value		Fair Value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial Assets	4,364,413	2,776,007	4,314,670	2,774,715
Receivables from Money Markets	-	249,152	-	249,152
Banks	813,594	329,917	813,594	329,917
Financial Assets at Fair Value Through Other Comprehensive Income (*)	152	146	152	146
Financial Assets Measured at Amortised Cost	859,980	19,661	807,543	19,655
Loans Received	2,690,687	2,177,131	2,693,381	2,175,845
Financial Liabilities	4,237,410	2,345,695	4,238,889	2,346,978
Bank Deposits	1,202	1,113	1,202	1,113
Other Deposits	3,452,638	2,278,885	3,454,117	2,280,168
Funds Borrowed From Other Financial Institutions	-	262	-	262
Debts to Money Markets	710,913	34,044	710,913	34,044
Miscellaneous Payables	72,657	31,391	72,657	31,391

(*) Fair value is not calculated for stocks not traded on the stock exchange amounting to TL 138.

The following methods and assumptions were used to estimate the fair value of the financial instruments:

i. Financial Assets:

Money market placements and banks are carried at amortised cost values on the face of the financial statements and due to their short term nature, their fair values are considered to be approximate to their respective carrying values. The discount rate used to calculate the fair value of held to maturity investments and loans and receivables as of 31 December 2021 is the market rates available for the loan and security types.

ii. Financial Liabilities:

The fair value of bank deposits, money market borrowings and sundry creditors are considered to approximate their respective carrying values amortised cost values due to their short term nature. The discount rate used to calculate the fair value of other deposits and funds borrowed as of 31 December 2021 is the market rates available for the borrowing and deposits types.

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XII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value (cont'd)

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market, and those where the valuation techniques involves the use of non observable inputs:

31 December 2021	Level 1 (Quoted)	Level 2 (Valuation techniques – market observable)	Level 3 (Valuation techniques – non market observable)	Fair value not available
Financial Assets				
Financial Assets at Fair Value through Profit and Loss	-	5,785	-	-
Receivables from Money Market	-	-	-	-
Banks	-	-	-	-
Financial Assets at Fair Value at Other Comprehensive Income	14	-	-	138
Financial Assets Measured at Amortized Cost	-	-	-	-
Loans Given	-	-	-	-
Financial Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Other Funds from Financial Institutions	-	-	-	-
Issued Securities	-	-	-	-
Derivative financial liabilities	-	(2,779)	-	-

31 December 2020	Level 1 (Quoted)	Level 2 (Valuation techniques – market observable)	Level 3 (Valuation techniques – non market observable)	Fair value not available
Financial Assets				
Financial Assets at Fair Value through Profit and Loss	-	-	-	-
Receivables from Money Market	-	-	-	-
Banks	-	-	-	-
Financial Assets at Fair Value at Other Comprehensive Income	8	-	-	138
Financial Assets Measured at Amortized Cost	-	-	-	-
Loans Given	-	-	-	-
Financial Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Other Funds from Financial Institutions	-	-	-	-
Issued Securities	-	-	-	-
Derivative financial liabilities	-	-	-	-

XIII. Explanations Related To Transactions Made on Behalf of Others and Fiduciary Transactions

The Bank provides security purchase-sell and safe keeping services in the name of real persons and legal entities. Details of investment securities held in custody are given in the Statement of Off Balance Sheet.

XIV. Explanations on Securitization Positions

There are no securitization positions in the bank portfolio.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets of the Balance Sheet

1. a) Information on cash values and CBRT:

	31 December 2021		31 December 2020	
	TL	TL	TL	FC
Cash/Effective	4,146	77,168	4,870	40,234
CBRT	141,696	498,787	39,199	233,168
Other	-	-	-	-
Total	145,842	575,955	44,069	273,402

b) Information related to the account of the Central Bank of Turkey:

	31 December 2021		31 December 2020	
	TL	TL	TL	FC
Unrestricted Demand Deposits	139,312	28,070	38,570	2,726
Unrestricted Time Deposits	-	-	-	-
Unrestricted Time Account	-	-	-	-
FC Required Reserve	2,384	470,717	629	230,442
Total	141,696	498,787	39,199	233,168

c) Explanations related to reserve deposits:

According to the "Communiqué on Amendments to be made on Communiqué on Required Reserves" of Central Bank of the Republic of Turkey numbered 2011/11 and 2011/13 reserve deposit rates applied to TL and FC liabilities has changed. The current required reserve rates as of the date of approval of the financial statements are as follows.

Required reserve ratios for FC liabilities:

Current, Noticed Deposits, Special Current Accounts, Up to 1 month Time Dep/Participation Acc, Up to 3 Months Time Dep /Participation Acc, Up to 6 Months Time Dep /Participation Acc, Up to 1 Year Time Dep /Participation Acc	1 Year and More than 1 Year Time Deposit/Participation account, Cumulative Deposit/Participation account	Borrowers' funds	Up to 1 Year Term Other Liabilities	1-2 Year Term Other Liabilities	2-3 Year Term Other Liabilities	3-5 Year Term Other Liabilities	Other Liabilities More Than 5 Years
25.0%	19.0%	25.0%	21.0%	16.0%	11.0%	7.0%	5.0%

Turkish lira liabilities required reserve ratios:

Demand Deposits Special Current Accounts	Up to 1 month Time Deposit / Participation Account	Up to 3 Months Time Deposit/Participation Account	Up to 6 Months Time Deposit/Participation Account	Up to 1 Year Time Deposit/Participation Account	1 Year and More than 1 Year Time Deposit/Participation Account, Cumulative Deposit/Participation Account	Up to 1 Year term (including 1 year) other liabilities	Term up to 3 years (including 3 years) other liabilities	Other liabilities with a maturity longer than 3 years
8.0%	8.0%	8.0%	6.0%	4.0%	3.0%	8.0%	5.5%	3.0%

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I. Explanations and Disclosures Related to the Assets of the Balance Sheet (cont'd)

2. Information on financial assets at fair value through profit/loss (shown in net worth) :

- a.1) Information on financial assets at fair value through profit/loss given as collateral or blocked: None.
a.2) Financial assets at fair value through profit/loss subject to repurchase agreements: None.

The Bank does not have net book value of unrestricted financial assets at fair value through profit and loss (31 December 2020: None).

- b) Positive differences related to derivative financial assets held-for-trading:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Forward Transactions	5,785	-	-	-
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	5,785	-	-	-

3. a) Information on banks:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Banks				
Domestic	169	95	2,460	84
Foreign	-	813,440	-	327,459
Branches and Head Office Abroad	-	-	-	-
Total	169	813,535	2,460	327,543

b) Information on foreign banks account:

	Free Amount		Non-Free Amount (*)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
EU Countries	311,143	173,054	-	-
USA, Canada	500,104	150,407	-	-
OECD Countries (*)	2,032	3,682	-	-
Other	161	316	-	-
Total	813,440	327,459	-	-

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

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I. Explanations and Disclosures Related to the Assets of the Balance Sheet (cont'd)

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

a.1) Information on financial assets given as collateral/blocked at fair value through other comprehensive income:

None.

a.2) Information on financial assets subject to repurchase agreements at fair value through other comprehensive income: None.

The book value of financial assets, whose fair value difference is reflected in other comprehensive income as a free warehouse, is TL 138 (31 December 2020: None; not quoted stock is TL 138).

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

	31 December 2021	31 December 2020
Debt Securities	14	8
Quoted on a Stock Exchange	-	-
Not Quoted on a Stock Exchange	14	8
Share Certificates	138	138
Quoted on a Stock Exchange	-	-
Not Quoted on a Stock Exchange	138	138
Impairment Provision (-)	-	-
Total	152	146

In line with the accounting policies of the Bank, all unquoted financial assets at fair value through other comprehensive income are recorded at fair value except for the Bank's investment of TL 138 which is recorded investment at cost since its fair value cannot be reliably estimated (31 December 2020: TL 138).

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I. Explanations and Disclosures Related to the Assets of the Balance Sheet (cont'd)

5. Information on loans :

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

	31 December 2021		31 December 2020	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Given to Bank Partners	61	2,031	316	1,491
Credits Given to Legal Entity Partners	61	2,031	316	1,491
Loans Given to Real Person Partners	-	-	-	-
Indirect Loans Given to Bank Partners	-	9,317	-	5,568
Loans Given to Bank Members	1,059	465	414	493
Total	1,120	11,813	730	7,552

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Changes Regarding the Extension of Payment Plan	Other	Loans and Other Receivables	Changes Regarding the Extension of Payment Plan	Other
Non-Specialized Loans	1,686,746	-	-	120,357	54,234	-
Business Loans	671,324	-	-	120,355	54,234	-
Export Loans	343,546	-	-	-	-	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	656,199	-	-	-	-	-
Foreign Loans	-	-	-	-	-	-
Consumer Loans	1,064	-	-	2	-	-
Credit Cards	-	-	-	-	-	-
Precious Metals Loans	-	-	-	-	-	-
Other	14,613	-	-	-	-	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	1,686,746	-	-	120,357	54,234	-

Expected Loss Provisions	Standard Qualification Loans	Loans in Close Monitoring
12 Months Expected Credit Loss	19,354	-
Significant Increase in Credit Risk	-	11,268
Total	19,354	11,268

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I. Explanations and Disclosures Related to the Assets (cont'd)

5. Information on loans: (cont'd)

c) Information on standard loans and closely monitored loans with maturity extensions in the contract:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Changes Regarding the Extension of Payment Plan	Loans and Other Receivables	Changes Regarding the Extension of Payment Plan
Short-Term Loans	1,556,715	-	71,110	1,994
Non-Specialized Loans	1,556,715	-	71,110	1,994
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	130,031	-	49,247	52,240
Non-Specialized Loans	130,031	-	49,247	52,240
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	1,686,746	-	120,357	54,234

Number of Changes Made for Extension of Payment Plan	Standard Qualified Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
1 or 2 times Extended	-	54,234
3, 4 or 5 times Extended	-	-
5 Over the Extended	-	-
Total	-	54,234

Extended Period with Change of Payment Plan	Standard Qualified Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
0 – 6 Months	-	1,043
6 – 12 Months	-	3,399
1 – 2 Years	-	30,878
2 – 5 Years	-	18,914
5 Years and Over	-	-
Total	-	54,234

According to the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be reserved”, as of 31 December 2021, there is no expected loss provision for standard loans whose payment schedule has been changed.

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I. Explanations and Disclosures Related to the Assets (cont'd)

5. Information on loans: (cont'd)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	-	101	101
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	101	101
Other	-	-	-
Consumer Loans-Currency Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TL	1	879	880
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	1	879	880
Other	-	-	-
Personnel Loans-Currency Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards-FC	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TL (Real Persons) (*)	86	-	86
Overdraft Account-FC (Real Persons)	-	-	-
Total	87	980	1,067

(*) TL 86 portion of the overdraft account consists of the loans extended to the personnel.

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I. Explanations and Disclosures Related to the Assets (cont'd)

5. Information on loans: (cont'd)

e) Information on commercial loans with instalments and corporate credit cards:

	Short-Term	Medium and Long-Term	Total
Installment Trade Loans -TL	-	124,355	124,355
Business Loan	-	-	-
Vehicle Loan	-	9,334	9,334
Personal Finance Credit	-	115,021	115,021
Other	-	-	-
Installment Trade Loans - Currency Indexed	-	1,124	1,124
Business Loan	-	-	-
Vehicle Loan	-	80	80
Personal Finance Credit	-	1,044	1,044
Other	-	-	-
Installment Trade Loans -FC	-	5,462	5,462
Business Loan	-	-	-
Vehicle Loan	-	-	-
Personal Finance Credit	-	5,462	5,462
Other	-	-	-
Corporate Credit Cards -TL	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Corporate Credit Cards -FC	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	-	130,941	130,941

f) Allocation of loans by customers:

	31 December 2021	31 December 2020
Private	1,861,337	1,334,485
Public	-	-
Total	1,861,337	1,334,485

g) Distribution of domestic and international loans:

	31 December 2021	31 December 2020
Domestic Loans	1,861,337	1,334,485
Foreign Loans	-	-
Total	1,861,337	1,334,485

h) Loans granted to subsidiaries and associates:

None.

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I. Explanations and Disclosures Related to the Assets (cont'd)

5. Information on loans: (cont'd)

i) Expected credit losses for loans (Stage 3) :

	31 December 2021	31 December 2020
Stage 3 Expected Loss Provisions		
Allocated for Limited Collection Loans and Other Receivables	13	16
Allocated for Uncollectible Loans and Other Receivables	56,950	90
Allocated for Loss Loans and Other Receivables	267,783	407,012
Total	324,746	407,118

j) Information on non-performing loans (Net) :

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

	III. Group Loans and Receivables with Limited Collectability	IV. Group Uncollectible Loans and Other Receivables	V. Group Loss Loans and Other Receivables
31 December 2021			
(Gross Amount Before Provision) (*)	-	-	69,343
Restructured Loans and Other Receivables	-	-	69,343
Loans and Other Receivables Under a New Amortization Plan	-	-	-
31 December 2020			
(Gross Amount Before Provision) (*)	-	-	67,974
Restructured Loans and Other Receivables	-	-	67,974
Loans and Other Receivables Under a New Amortization Plan	-	-	-

(*) As of 31 December 2021, the specific provision for loans and other receivables restructured or rescheduled is TL 24,475 (31 December 2020: TL 23,260).

j.2) Information on total non-performing credit transactions:

	III. Group Loans and Receivables with Limited Collectability	IV. Group Uncollectible Loans and Other Receivables	V. Group Loss Loans and Other Receivables
31 December 2020 Balance	16	92	842,538
Additions During the Period (+)	123,684	979	64,669
Inflow from Other Non-Performing Accounts Receivable (+)	-	122,997	320
Outflow from Other Non-Performing Accounts Receivable (-)	(122,997)	(320)	-
Collection During the Period (-)	-	-	(146,481)
Write-Off (-)	-	-	(56,147)
Corporate and Trade Loans	-	-	-
Personal Loans	-	-	-
Credit Cards	-	-	-
Indexing Difference (-)	-	-	-
Other	-	-	-
31 December 2021 Balance	703	123,748	704,899
Provision (-)	(13)	(56,950)	(267,783)
Net Balance on the Balance Sheet	690	66,798	437,116

j.3) Information on foreign currency non-performing loans and other receivables: None.

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I. Explanations and Disclosures Related to the Assets (cont'd)

5. Information on loans: (cont'd)

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group Loans and Receivables with Limited Collectability	IV. Group Uncollectible Loans and Other Receivables	V. Group Loss Loans and Other Receivables
31 December 2021 (Net)			
Loans to Real Persons and Legal Entities (Gross)	703	123,748	704,899
Provision Amount (-)	(13)	(56,950)	(267,783)
Loans to Real Persons and Legal Entities (Net)	690	66,798	437,116
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2020 (Net)			
Loans to Real Persons and Legal Entities (Gross)	16	92	842,538
Provision Amount (-)	(16)	(90)	(407,012)
Loans to Real Persons and Legal Entities (Net)	-	2	435,526
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

j.4) Interest accruals and valuation differences calculated for non-performing loans with expected credit losses in accordance with TFRS 9 are as follows:

As of 31 December 2021, within the scope of TFRS 9, TL 71,620 interest has been calculated for transfers to follow-up accounts and a 100% provision is made.

k) Main principles of liquidation policies of non-performing loans and receivables:

According to the "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves"; legal action is carried on considering firms, guarantors and existing collaterals and provisions are made for non-performing loans in accordance with the relevant decree.

l) Explanations on write-off policy:

As of 31 December 2021, there is not any written-off assets due to the decision of the Board of Directors (31 December 2020: None).

The non-performing loan amounting to TL 56,147, which is in the Group of loans with doubtful or loss nature and other receivables, was sold to Emir Varlık Yönetim A.Ş.

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I. Explanations and Disclosures Related to the Assets (cont'd)

5. Information on loans: (cont'd)

m) Other explanations and notes:

31 December 2021	Corporate	SME	Retail	Other	Total
Neither past due nor impaired	1,685,776	-	970	-	1,686,746
Past due not impaired	120,355	-	2	-	120,357
Restructured loans (*)	54,234	-	-	-	54,234
Impaired loans	829,345	-	5	-	829,350
Total	2,689,710	-	977	-	2,690,687
Less: allowance for individually impaired loans	(324,741)	-	(5)	-	(324,746)
Net loan balance	2,364,969	-	972	-	2,365,941

31 December 2020	Corporate	SME	Retail	Other	Total
Neither past due nor impaired	977,520	-	470	-	977,990
Past due not impaired	167,744	-	8	-	167,752
Restructured loans (*)	188,743	-	-	-	188,743
Impaired loans	842,642	-	4	-	842,646
Total	2,176,649	-	482	-	2,177,131
Less: allowance for individually impaired loans	(407,114)	-	(4)	-	(407,118)
Net loan balance	1,769,535	-	478	-	1,770,012

(*) The description of restructured loans is determined by the Article No:11 of the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside.

The reconciliation of provisions for impairment of loans and other receivables is as follows:

	Total
1 January 2021	407,118
Additions in the period	110,623
Non-performing loan sales	(56,110)
The effect of collections in the period	(136,885)
Write-off	-
31 December 2021	324,746

As of 31 December 2021, the fair value of the collateral held by the Bank regarding the loans determined to be impaired is TL 574,898 (31 December 2020: TL 475,288).

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I. Explanations and Disclosures Related to the Assets(cont'd)

5. Information on loans: (cont'd)

m) Other explanations and notes: (cont'd)

The distribution of overdue but not impaired financial assets by financial instrument classes is as follows:

31 December 2021	Less than 31 Days (*)	31- 60 Days	61- 90 Days	More than 91 Days	Total
Loans and Receivables					
Trade Loans	165,462	-	-	9,127	174,589
Small Business Loans	-	-	-	-	-
Consumer Loans	2	-	-	-	2
Other	-	-	-	-	-
Total	165,464	-	-	9,127	174,591

31 December 2020	Less than 31 Days (*)	31- 60 Days	61- 90 Days	More than 91 Days	Total
Loans and Receivables					
Trade Loans	353,734	-	-	2,753	356,487
Small Business Loans	-	-	-	-	-
Consumer Loans	2	-	-	6	8
Other	-	-	-	-	-
Total	353,736	-	-	2,759	356,495

(*) Includes total risks of watchlist firms.

TL 897,404 of loans and other receivables are variable interest loans consisting of Up to 1 month revolving loans (31 December 2020: TL 467,284), the remaining TL 963,549 is fixed interest (31 December 2020: TL 867,201).

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I. Explanations and Disclosures Related to the Assets (cont'd)

6. Financial assets at amortized cost:

a.1) Financial assets given as collateral / blocked:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Similar Securities	24,645	-	19,656	-
Other	-	-	-	-
Total	24,645	-	19,656	-

As of 31 December 2021, amortized financial assets given as collateral or blocked, TL 17,189 is Interbank money market and TL 7,456 is Takasbank collateral balance (31 December 2020: Amortized financial assets given as collateral or blocked are TL 16,552 Interbank money market and TL 3,104 Takasbank collateral balance).

a.2) Legal liabilities of amortized financial assets subject to repo transactions:

	31 December 2021	31 December 2020
<i>Share Certificates</i>	-	-
<i>Bond, Treasury Bill and Similar Securities</i>	18,272	202
<i>Other</i>	-	-
Total	18,272	202

TL 817,063 of amortized financial assets are kept as free deposit.

b) Information on amortized financial assets:

	31 December 2021	31 December 2020
Government Bonds	859,980	19,661
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	859,980	19,661

c) Information on amortized financial assets:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Debt Securities				
Quoted on a Stock Exchange	859,980	-	19,661	-
Not Quoted on a Stock Exchange	-	-	-	-
Provision for Impairment (-)	-	-	-	-
Total	859,980	-	19,661	-

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I. Explanations and Disclosures Related to the Assets (cont'd)

d) Movement of amortized financial assets:

	31 December 2021	31 December 2020
Value at Beginning of the Period	19,661	940,216
Foreign Currency Differences on Monetary Assets (*)	32,710	(422,712)
Purchases During Year	817,609	910,094
Disposal Through Sales and Amortization (**)	(10,000)	(1,407,937)
Impairment Provision (-)	-	-
End of the Period Total	859,980	19,661

(*) Interest income rediscount changes were shown in "foreign currency differences on monetary assets" line.

(**) The Bank decided to sell, by making changes in business plan within the scope of information and approval the Board of Directors, all of the CPI indexed securities, measured at amortized cost, which is stated to be able to sell 15% of the balance sheet value in the business plan, due to the recent exceptional economic developments, new BRSA regulations and COVID-19 effects.

7. Information on associates (Net):

The Bank has 1.4925% participation in the Credit Guarantee Fund.

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period.

9. Information on jointly controlled entities:

The Bank has no jointly controlled entities in the current period.

10. Information on lease receivables (Net):

The Bank has no lease receivables in the current period.

11. Information on derivative financial assets for hedging purposes:

The Bank has no financial assets for hedging purposes in the current period.

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I. Explanations and Disclosures Related to the Assets (cont'd)

12. Information on tangible assets:

	Prior End of the Period Balance 31 December 2020	Additions	Sales	Other	Change in estimate	End of the Period Balance 31 December 2021
Cost:						
Properties	-	-	-	-	-	-
Leased Tangible Assets	12,545	-	-	-	-	12,545
Vehicles	-	-	-	-	-	-
Right-of-Use Assets	61,208	3,682	(36)	-	-	64,854
Other	31,822	5,678	(81)	-	-	37,419
Total Cost	105,575	9,360	(117)	-	-	114,818
	Prior End of the Period Balance 31 December 2020	Charge for the Period	Sales	Other	Change in estimate	End of the Period Balance 31 December 2021
Accumulated Depreciation:						
Properties	-	-	-	-	-	-
Leased Tangible Assets	(10,185)	(782)	-	-	-	(10,967)
Vehicles	-	-	-	-	-	-
Right-of-Use Assets	(30,997)	(17,681)	36	-	-	(48,642)
Other	(22,067)	(3,620)	56	-	-	(25,631)
Total Accumulated Depreciation	(63,249)	(22,083)	92	-	-	(85,240)
Carrying Value	42,326	(12,723)	(25)	-	-	29,578

- a) For an individual asset, In the current period the amount of impairment losses recorded or revoked is crucial to the whole of the financial statements:
- a.1) Impairment to be recorded or cancellation of events that led to and no term of events: None.
- a.2) Recorded in the financial statements or canceled amount of impairment losses: None.
- b) Recorded in the current period or cancelled, and each one or some financial statements as a whole are not significant, but sum of impairment losses recorded or revoked is significant for the whole of the financial statements, reasons and circumstances : None.
- c) For pledge on tangible assets, mortgages and other restrictions if there exists and tangible assets, the amount of the expenditures made during construction, the commitments for the purchase of tangible assets: None.

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I. Explanations and Disclosures Related to the Assets (cont'd)

13. Information on intangible assets:

	Prior End of the Period Balance 31 December 2020	Additions	Sales	Other	Change in estimate	End of the Period Balance 31 December 2021
Cost:						
Software Costs	57,540	9,910	(860)	-	-	66,590
Total Cost	57,540	9,910	(860)	-	-	66,590

	Prior End of the Period Balance 31 December 2020	Charge for the Period	Sales	Other	Change in estimate	End of the Period Balance 31 December 2021
Accumulated Depreciation:						
Software Costs	(48,744)	(4,380)	73	-	-	(53,051)
Total Accumulated Depreciation	(48,744)	(4,380)	73	-	-	(53,051)
Carrying Value	8,796	5,530	(787)	-	-	13,539

14. Investment Properties (Net):

None.

15. Explanations on Deferred Tax Assets:

- As of 31 December 2021, deferred tax asset calculated on financial loss is TL 23,064 (31 December 2020: deferred tax asset on financial loss is TL 38,242). The amount of deferred tax assets reflected in the balance sheet by calculating over other deductible temporary differences is TL 4,963 (31 December 2020: other deferred tax liability on temporary differences: TL 4,963).
- Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- Deferred tax asset arising from the reversal of impairment provisions and deferred tax provision: None.

	31 December 2021		31 December 2020	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Reserve for employee benefits	14,641	2,928	14,641	2,928
Other provisions	115,055	23,010	115,055	23,010
Differences between book value and tax value of assets:				
Tangible assets	4,576	915	4,576	915
Deferred commission	5,918	1,184	5,918	1,184
Financial assets	22,203	4,441	22,203	4,441
Financial Loss	115,318	23,064	191,208	38,242
Deferred tax assets		55,542		70,720
Differences between book value and tax value of assets:				
Tangible assets	67,067	13,413	67,067	13,413
Financial assets	70,053	14,011	70,053	14,011
Other	454	91	454	91
Deferred tax liability (-)		27,515		27,515
Deferred tax asset, net		28,027		43,205

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I. Explanations and Disclosures Related to the Assets (cont'd)

16. Information on assets held for sale and discontinued operations:

	31 December 2021	31 December 2020
End of Current Period		
Beginning of the Period	179,054	184,212
Acquisitions	100,796	90,085
Assets Sold (Cost)	(177,303)	(93,419)
Impairment	557	(1,824)
Carrying Value	103,104	179,054

17. Information on other assets:

a) The distribution of other assets is as follows:

	31 December 2021	31 December 2020
Cash Guarantees Given	106,110	130,336
Assets to be Disposed of	5,531	29,399
Clearing Accounts	31,531	15,079
Prepaid Expenses	11,142	7,393
Other	4,520	5,835
Total	158,834	188,042

b) If the other assets item of the balance sheet exceeds 10% of the balance sheet total excluding the commitments in the off-balance sheet accounts, the names and amounts of the sub-accounts constituting at least 20% of them: None.

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II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) 31 December 2021:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	6 Months - 6 Months	6 Months - 1 Years	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	18,044	-	47,187	775,019	63,711	874	12,605	-	917,440
Foreign Currency Deposits	412,356	-	119,906	1,499,598	55,350	949	9,733	-	2,097,892
Residents in Turkey	379,823	-	118,268	1,480,912	54,045	216	6,416	-	2,039,680
Residents Abroad	32,533	-	1,638	18,686	1,305	733	3,317	-	58,212
Public Sector Deposits	1,330	-	-	-	-	-	-	-	1,330
Commercial Deposits	45,712	-	41,583	315,060	681	10	17	-	403,063
Other Institutions Deposits	161	-	16,931	15,821	-	-	-	-	32,913
Precious Metals Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,202	-	-	-	-	-	-	-	1,202
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	165	-	-	-	-	-	-	-	165
Foreign Banks	1,037	-	-	-	-	-	-	-	1,037
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	478,805	-	225,607	2,605,498	119,742	1,833	22,355	-	3,453,840

As of 31 December 2021, the total currency protected deposit amount is TL 20,131.

a.2) 31 December 2020:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	6 Months - 6 Months	6 Months - 1 Years	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	9,461	-	53,672	677,854	94,863	10,450	11,115	-	857,415
Foreign Currency Deposits	158,346	-	48,754	847,516	46,695	4,836	41,793	-	1,147,940
Residents in Turkey	154,279	-	48,754	830,417	30,247	3,247	4,002	-	1,070,946
Residents Abroad	4,067	-	-	17,099	16,448	1,589	37,791	-	76,994
Public Sector Deposits	1,006	-	-	-	-	-	-	-	1,006
Commercial Deposits	27,796	-	80,782	156,086	497	-	1,046	-	266,207
Other Institutions Deposits	495	-	1,730	3,408	-	684	-	-	6,317
Precious Metals Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,113	-	-	-	-	-	-	-	1,113
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	171	-	-	-	-	-	-	-	171
Foreign Banks	942	-	-	-	-	-	-	-	942
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	198,217	-	184,938	1,684,864	142,055	15,970	53,954	-	2,279,998

b.1) Information on saving deposits under the guarantee of saving deposits insurance:

i. Information on saving deposits:

Saving Deposits	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Saving Deposits	241,676	250,568	655,421	598,277
Foreign Currency Saving Deposits	93,496	96,113	913,747	643,903
Other Deposits in the Form of Saving Deposits	572	540	8,011	6,216
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-Shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	335,744	347,221	1,577,179	1,248,396

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II. Explanations and Disclosures Related to the Liabilities (cont'd)

1. Information on maturity structure of deposits (cont'd):

- ii. Deposit amounts not under the guarantee of saving deposit:

Deposits of real persons not under the guarantee of saving deposit insurance:

	31 December 2021	31 December 2020
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of the Controlling Partners and Their Mother, Father, Spouse and Children under Custody	-	-
Deposits and Other Accounts of the Chairman and Members of the Board of Directors or Managers, General Manager and Assistants and Their Mother, Father, Spouse and Children under Custody	1,802	3,057
Deposits and Other Accounts Within the Scope of Assets Resulting from Crime in Article 282 of TCK dated 26/9/2004 and numbered 5237	-	-
Deposits in Deposit Banks Established Exclusively for Offshore Banking Activities in Turkey	-	-

2. Information on derivative financial liabilities held for trading:

- a) Negative differences table related to derivative financial liabilities held-for-trading:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Forward Transactions	2,779	-	-	-
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	2,779	-	-	-

3. Information on borrowings:

- a) Information on banks and other financial institutions:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
From Domestic Banks and Institutions	-	-	262	-
From Foreign Banks, Institutions and Funds	-	-	-	-
Total	-	-	262	-

- b) Recognition of the loans taken by maturity:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Short-Term	-	-	262	-
Medium and Long-Term	-	-	-	-
Total	-	-	262	-

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II. Explanations and Disclosures Related to the Liabilities (cont'd)

3. Information on borrowings (cont'd)

c) Additional explanations related to the concentrations of the Bank's major liabilities:

Bank diversifies its funding resources by customer deposits and domestic borrowings 20% of bank deposits and 61% of other deposits are denominated in foreign currencies.

4. Information on funds obtained from repo transactions:

As of 31 December 2021, the total amount of funds provided by the Bank from repo transactions is TL 695,909 (31 December 2020: None).

5. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:

None.

6. Information on debts from lease transactions (Net):

a) The general explanations on criteria used in determining instalments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank:

In the financial lease agreements, instalments are based on useful life, usage periods and provisions of the Tax Procedural Code.

b) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. In 2021, operational lease expenses amounting to TL 4,678 have been recorded in the profit and loss accounts. The lease periods vary between 5 and 10 years (31 December 2020: TL 7,175).

c) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

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II. Explanations and Disclosures Related to the Liabilities (cont'd)

7. Information on derivative financial liabilities for hedging purposes:

None.

8. Information on provisions:

a) Information on general provisions: None

b) Provisions for depreciation of principal on foreign currency indexed loans and financial leasing receivables: There is no provision for currency differences for foreign currency indexed loans (31 December 2020: None)

c) The specific provisions of TL 104,379 were provided for unindemnified non-cash loans (31 December 2020: TL 97,481).

d) Liabilities regarding leave, severance pay:

The Bank has calculated the reserve for employee termination benefits by using actuarial valuation methods as set out in the TAS No: 19 and reflected this in the financial statements.

d.1) Severance pay movement table:

	31 December 2021	31 December 2020
As of 1 January	11,371	9,914
Service expense	1,369	1,810
Interest expense	1,645	1,226
Actuarial loss/ (gain)	3,397	1,466
Paid during the period	(974)	(3,045)
End of the Period	16,808	11,371

d.2) Employee rights liability table:

	31 December 2021	31 December 2020
Employee termination benefit provision	16,808	11,371
Unused vacation provision	3,956	3,042
Total of Provision for Employee Benefits	20,764	14,413

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II. Explanations and Disclosures Related to the Liabilities (cont'd)

8. Information on provisions (cont'd) :

d) Obligations regarding leave, severance pay:

d.2) Employee rights liability table (cont'd) :

According to the Turkish Accounting Standard Regarding the Benefits Provided to Employees numbered TMS 19, the total benefit is calculated for the employees who complete one year of working service and whose working period ends due to retirement or if the service is terminated earlier. The cost of the services rendered by the employees in the current or previous periods is calculated annually by independent actuaries within the framework of the defined benefit plan, using the liability method. In accordance with the Turkish Accounting Standard on Employee Benefits (TAS 19) published in the Official Gazette dated 12 March 2013 and numbered 28585, actuarial loss accounted for under shareholders' equity as of 31 December 2021 is TL 3,172 (31 December 2020: TL 225 gain).

While making actuarial valuations, severance pay rights to be received in retirement defined in the Labor Law No. 1475 and details of active employees as of the valuation date were taken as basis. The assumptions used in the actuarial calculation have been determined within the framework of TAS 19 are as follows:

	Assumptions
Discount rate	19.10%
Inflation rate	15.80%

e) Information on other provisions:

e.1) Information on free provisions for potential risks: None.

e.2) In case other provisions exceed 10% of the total provisions, the names and amounts of the sub-accounts causing the excess:

	31 December 2021	31 December 2020
Provision for Uncompensated Non-Cash Loans	104,379	97,481
Other Provisions (*)	36,965	32,655
Total	141,344	130,136

(*) Other Provisions consist of bonus provisions amounting to TL 438, provisions for lawsuits amounting to TL 15,784, non-litigation provisions amounting to TL 2,771 and other provisions amounting to TL 17,972 (31 December 2020: TL 438 bonus provisions, TL 9,064 litigation provisions, 10,413 non-litigation provisions and TL 12,740 other provisions).

f) Obligations arising from pension rights: None.

f.1) Obligations for Funds Established Based on SSI: None.

f.2) Liabilities of organizations such as foundations and funds that provide post-retirement rights for bank employees: None.

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II. Explanations and Disclosures Related to the Liabilities (cont'd)

9. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Information on corporate tax:

As of 31 December 2021, remaining tax liability/(receivable) after deducting temporary taxes paid during the period from corporate tax:

	31 December 2021	31 December 2020
Current Period Tax Payable	-	-
Prepaid Tax	(557)	(1,417)
Total	(557)	(1,417)

a.2) Explanations on taxes payable:

	31 December 2021	31 December 2020
BITT	1,939	924
Securities Capital Income Tax	1,505	1,098
Income Tax Deducted from Salaries	1,850	1,259
Real Estate Capital Income Tax	781	301
Value Added Tax Payable	1,082	827
Stamp Duty	50	40
Corporate Tax Payable	-	-
Other	489	212
Total	7,696	4,661

a.3) Information on premiums:

	31 December 2021	31 December 2020
Social Security Premiums-Employer	940	775
Social Security Premiums-Employee	597	488
Unemployment Insurance-Employee	80	65
Unemployment Insurance-Employer	40	32
Bank Social Aid Pension Fund Premium-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Other	-	-
Total	1,657	1,360

b) Explanations on deferred tax liabilities, if any: None.

10. Information on liabilities for non-current assets related to held for sale and discontinued operations:

None.

11. Detailed explanations on the number of subordinated loans used by the bank, their maturity, interest rate, the institution from which the loan was borrowed and the option to convert into shares, if any:

The Bank does not have subordinated loans.

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II. Explanations and Disclosures Related to the Liabilities (cont'd)

12. Information on shareholders' equity:

a) Presentation of Paid-in capital:

As of 31 December 2021, the nominal value of the Bank's capital is amounting to TL 1,000 Million and consists of 1,000 million shares (As of 31 December 2020: the nominal value of the Bank's capital is amounting to TL 1,000 Million and consists of 1,000 million shares).

	31 December 2021	31 December 2020
Equity Provision (*)	1,000,000	1,000,000
Provision for Preferred Stock	-	-

(*) Represents Nominal Capital.

According to the Extraordinary General Assembly decree dated 17 February 2020, it was decided to increase the Bank's paid in capital from TL 650 million to TL 1,000 million with the approval of BRSA dated 29 January 2020 numbered 1027. It has been transferred to capital accounts as of 4 March 2020 with the approval of BRSA dated 3 March 2020 numbered 2400.

b) The Bank does not apply registered share capital system.

c) Information on share capital increases' their sources and other information on increased capital shares in the current period: Explained in a) section.

d) Information on share capital increases from revaluation funds in the current period: None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.

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

Prior year income, profitability and liquidity of the Bank is closely monitored by the Financial Reporting Department and reported to the Board of Directors, Asset and Liability Committee. Risk Management tries to forecast the effects of interest, currency and maturity fluctuations that change these indicators with static and dynamic scenario analysis. Net asset value, which is defined as the difference of fair values of assets and liabilities, is measured. Expectations are made for Bank's future interest income via simulations of net interest income and scenario analysis.

g) Information on preferred shares: None.

h) Information on marketable securities value increase fund: None.

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II. Explanations and Disclosures Related to the Liabilities (cont'd)

12. Information on Shareholders' Equity (cont'd) :

Information on legal reserves:

	31 December 2021	31 December 2020
First Legal Reserves	6,336	5,332
Second Legal Reserves	-	-
Other Legal Reserves Appropriated in accordance with Special Legislation	-	-
Total	6,336	5,332

Information on extraordinary reserves:

	31 December 2021	31 December 2020
Reserves Appropriated by the General Assembly	-	-
Undistributed Profit	-	-
Accumulated Losses	(525,900)	(443,592)
Foreign Currency Share Capital Exchange Difference	-	-
Total	(525,900)	(443,592)

13. Information on minority shares:

None.

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III. Explanations and Disclosures Related to the Off-Balance Sheet

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	31 December 2021	31 December 2020
Loan Granting Commitments	489	1,333
Payment Commitments for Checks	15,243	18,286
Forward Asset Purchase and Sales Commitments	48,568	4,468
Other Irrevocable Commitments	-	-
Total	64,300	24,087

b) The nature and amount of possible losses and commitments arising from off-balance sheet items:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans, including guarantees, bank acceptances and financial guarantees, and other letters of credit:

	31 December 2021	31 December 2020
Bank Acceptance Loans	3,344	-
Letters of Credit	218,043	45,744
Other Guarantees and Collaterals	945,233	718,912
Total	1,166,620	764,656

b.2) Definite guarantees, temporary guarantees, sureties and similar transactions:

	31 December 2021	31 December 2020
Definite Letter of Guarantees	407,918	446,688
Temporary Letter of Guarantees	21,836	12,014
Other Letter of Guarantees	59,342	85,274
Total	489,096	543,976

c) c.1) Total amount of non-cash loans:

	31 December 2021	31 December 2020
Non-Cash Loans Given Against Achieving Cash Loans	9,907	16,032
With Maturity of 1 Year or Less Than 1 Year	750	50
With Maturity of More Than 1 Year	9,157	15,982
Other Non-Cash Loans	1,645,809	1,292,600
Total	1,655,716	1,308,632

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III. Explanations and Disclosures Related to the Off-Balance Sheet (cont'd)

c.2) Information on sectoral risk breakdown of non-cash loans and irrevocable loan commitments (excluding forward asset sales and purchase commitments):

	31 December 2021				31 December 2020			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	1,216	0.34%	182,857	13.94%	7,650	1.76	63,398	7.10
Farming and Raising Livestock	1,178	0.33%	176,523	13.46%	7,347	1.69	60,309	6.75
Forestry	24	0.01%	-	0.00%	289	0.07	-	0.00
Fishery	14	0.00%	6,334	0.48%	14	0.00	3,089	0.35
Manufacturing	81,890	22.75%	651,678	49.69%	104,973	24.16	544,362	60.92
Mining	380	0.11%	-	0.00%	1,731	0.40	-	0.00
Production Industry	81,288	22.59%	651,090	49.64%	101,175	23.28	541,272	60.57
Electric, gas and water	222	0.06%	588	0.04%	2,067	0.48	3,090	0.35
Construction	83,663	23.25%	96,676	7.37%	99,159	22.82	194,761	21.79
Services	187,235	52.02%	374,076	28.52%	218,579	50.30	91,091	10.18
Wholesale and Retail Trade	57,438	15.96%	161,339	12.30%	38,029	8.75	42,246	4.74
Hotel, Food and Beverage Services	579	0.16%	-	0.00%	773	0.18	-	0.00
Transportation and Telecommunication	2,518	0.70%	3,743	0.29%	8,489	1.95	14,560	1.61
Financial Institutions	107,666	29.92%	117,155	8.93%	143,894	33.11	23,351	2.61
Real estate and Renting Services	1,971	0.55%	-	0.00%	2,601	0.60	-	0.00
Self-Employment Services	3,417	0.95%	91,839	7.00%	4,709	1.08	10,934	1.22
Education Services	5	0.00%	-	0.00%	14	0.00	-	0.00
Health and Social Services	13,641	3.79%	-	0.00%	20,070	4.62	-	0.00
Other	5,892	1.64%	6,265	0.48%	4,205	0.97	73	0.01
Total	359,896	100.00	1,311,552	100.00	434,566	100.00	893,685	100.00

c.3) Information on Group I and II non-cash loans:

Guarantees and sureties	Group I (*)		Group II	
	TL	FC	TL	FC
Letters of Guarantee	245,687	173,925	52,277	17,207
Aval and Acceptance Credits	-	3,344	-	-
Letters of Credit	-	218,043	-	-
Turnovers	46,200	879,878	-	19,155
Securities issue purchase and guarantees	-	-	-	-
Other Guarantees and Sureties	-	-	-	-
Total	291,887	1,275,190	52,277	36,362

(*) Includes Group III, IV and V.

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III. Explanations and Disclosures Related to the Off-Balance Sheet (cont'd)

2. Information related to derivative transactions:

	Derivative Transactions According to Purposes			
	Trading		Hedging	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Types of Trading Transactions				
Foreign Currency Related Derivative Transactions				
(I):				
Forward Currency Exchange Transactions	158,225	-	-	-
Swap Money Trading Transactions	-	-	-	-
Futures Money Transactions	-	-	-	-
Currency Options	-	-	-	-
Derivative Transactions Related to Interest (II) :				
Forward Interest Contract Trading Transactions	-	-	-	-
Swap Interest Trading Transactions	-	-	-	-
Interest Trade Options	-	-	-	-
Futures Interest Trading Transactions	-	-	-	-
Other Derivative Transactions Held for Trading (III)	-	-	-	-
A. Total Trading Derivative Transactions (I+II+III)	158,225	-	-	-
Types of Derivative Transactions for Hedging Purposes				
For Hedging the Risk of Change in Fair Value	-	-	-	-
For Cash Flow Hedging	-	-	-	-
Hedging Purposes of Subsidiary Investments Made through FC	-	-	-	-
B. Derivative Transactions for Total Hedging	-	-	-	-
Total Derivative Transactions (A+B)	158,225	-	-	-

Forward foreign exchange and swap transactions are for protection from currency fluctuations. According to TAS, they do not qualify as hedging instruments but trading, are remeasured at fair value.

As of 31 December 2021, breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TL equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell
31 December 2021								
TL	82,022	-	-	-	-	-	-	-
USD	-	76,203	-	-	-	-	-	-
EURO	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	82,022	76,203	-	-	-	-	-	-
31 December 2020								
TL	-	-	-	-	-	-	-	-
USD	-	-	-	-	-	-	-	-
EURO	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

3. Information about credit derivatives and descriptions of the risks:

None.

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III. Explanations and Disclosures Related to the Off-Balance Sheet (cont'd)

4. Explanations on contingent liabilities and assets:

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of jointly controlled entity (joint venture) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in jointly controlled entities (joint ventures): None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
 - b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the Notes. As of 31 December 2021 and 2020, there are no contingent assets that need to be explained.
 - b.2) A provision is made for contingent liabilities, if realization is probable and the amount can reliably be determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: Contingent liabilities as of 31 December 2021 and 2020 are explained in Section 3 Note XIV "Explanations on Provisions and Contingent Liabilities".

5. Explanations on services rendered on behalf and account of others:

The Bank provides security purchase-sell and safe keeping services in the name of real persons and legal entities. Details of investment securities held in custody are given in the Statement of Off Balance Sheet.

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IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest income on loans:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Interest on Loans (*)				
Short-Term Loans	155,152	15,947	86,161	9,653
Medium and Long Term-Loans	49,602	6,877	34,955	13,320
Interests Received from Non-Performing Receivables	78,679	-	72,711	-
Total	283,433	22,824	193,827	22,973

(*) Includes fees and commissions obtained from cash loans.

b) Information on interest income received from banks:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic Banks	7,684	-	5,967	2
Foreign Banks	-	157	-	1,371
Branches and Head Office Abroad	-	-	-	-
Total	7,684	157	5,967	1,373

c) Information on interest received from securities:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
From Financial Assets at Fair Value Through Profit and Loss	-	-	744	-
From Financial Assets at Fair Value Through Other Comprehensive Income	-	1	1,216	-
Financial Assets Measured at Amortized Cost	54,480	-	24,462	-
Total	54,480	1	26,422	-

d) Information on interest income received from associates and subsidiaries: None.

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IV. Explanations and Disclosures Related to the Statement of Income (cont'd)

2. a) Information on interest on funds borrowed:

Interest on Funds Borrowed (*)	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Banks	4	-	382	-
The Central Bank of Turkey	-	-	-	-
Domestic Banks	4	-	382	-
Foreign Banks	-	-	-	-
Branches and Head Office Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	4	-	382	-

(*) Includes fees and commission expenses for borrowings.

b. Information on interest expense to associates and subsidiaries: None.

c. Information on interest paid to securities issued: None.

d. Display of the interest paid on the deposit according to the maturity structure:

Account Name	31 December 2021							Acc. Deposits	Total
	Demand Deposits	Up to 1 month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Yıllan Uzun			
Turkish Lira									
Interbank Deposits	-	-	-	-	-	-	-	-	-
Savings Deposit	-	10,383	130,640	9,542	974	1,570	-	-	153,109
Official Deposit	-	-	-	-	-	-	-	-	-
Trade Deposit	-	10,328	30,999	1,602	-	29	-	-	42,958
Other Deposit	-	314	1,210	-	-	-	-	-	1,524
7-Day Notice Deposit	-	-	-	-	-	-	-	-	-
Precious Metal Reserve	-	-	-	-	-	-	-	-	-
Total	-	21,025	162,849	11,144	974	1,599	-	-	197,591
Foreign Currency									
Foreign currency deposits	-	853	11,084	708	51	34	-	-	12,730
Interbank Deposits	-	-	256	-	-	-	-	-	256
7-Day Notice Deposit	-	-	-	-	-	-	-	-	-
Precious Metal	-	-	-	-	-	-	-	-	-
Total	-	853	11,340	708	51	34	-	-	12,986
Grand Total	-	21,878	174,189	11,852	1,025	1,633	-	-	210,577

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IV. Explanations and Disclosures Related to the Statement of Income (cont'd)

d. Display of the interest paid on the deposit according to the maturity structure (cont'd) :

31 December 2020								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Acc. Deposits	Total
TL								
Interbank Deposits	-	-	-	-	-	-	-	-
Savings Deposit	-	4,928	80,376	6,658	1,144	2,090	-	95,196
Official Deposit	-	-	-	-	-	-	-	-
Trade Deposit	-	5,532	14,316	1,040	13	241	-	21,142
Other Deposit	-	132	1,089	55	-	-	-	1,276
7-Day Notice Deposit	-	-	-	-	-	-	-	-
Precious Metal Reserve	-	-	-	-	-	-	-	-
Total	-	10,592	95,781	7,753	1,157	2,331	-	117,614
Foreign Currency								
Foreign currency deposits	-	1,090	15,707	901	152	46	-	17,896
Interbank Deposits	-	-	391	-	-	-	-	391
7-Day Notice Deposit	-	-	-	-	-	-	-	-
Precious Metal	-	-	-	-	-	-	-	-
Total	-	1,090	16,098	901	152	46	-	18,287
Grand Total	-	11,682	111,879	8,654	1,309	2,377	-	135,901

3. **Information on dividend income:** As of 31 December 2021, dividend income is TL 28 (31 December 2020: TL 37).

4. **Explanations on trade profit and loss:**

	31 December 2021	31 December 2020
Profit	214,544	215,961
Profit from Capital Market Operations	-	3,375
From Derivative Financial Transactions	12,114	43,393
Profit from Foreign Exchange	202,430	169,193
Loss (-)	(213,221)	(221,316)
Loss from Capital Market Operations	-	(4,391)
From Derivative Financial Transactions	(7,778)	(5,553)
Loss from Foreign Exchange	(205,443)	(211,372)
Total	1,323	(5,355)

5. **Information on other operating income:**

	31 December 2021	31 December 2020
Provisions for canceled assets held for sale	9,580	27,833
Prior years' income	22,796	7,649
Income from sales of assets	43,654	4,726
Provisions for communication expense collected from customers	118	141
Provisions for expenditure collected from customers	-	1
Other	13,555	798
Total	89,703	41,148

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IV. Explanations and Disclosures Related to the Statement of Income (cont'd)

6. Provision for impairment of loans and other receivables of banks

	31 December 2021	31 December 2020
Expected Credit Losses	(134,092)	(88,898)
12 Month ECL (Stage 1)	943	1,503
Significant Increase in Credit Risk (Stage 2)	(68,107)	24,475
Default (Stage 3)	(66,928)	(118,876)
Provision for Impairment Losses on Securities	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Provision for Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Partnerships under Common Control (Business partnerships)	-	-
Other	-	-
Total	(134,092)	(88,898)

7. Information on other operating expenses:

	31 December 2021	31 December 2020
Provision for Employee Termination Benefits	-	-
Tax, Duty, Fees	7,270	9,324
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible assets	-	-
Depreciation Expenses of Tangible assets	23,247	22,390
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Depreciation Expenses of Intangible Assets	4,307	2,921
Impairment for Investments Accounted for under Equity Method	-	-
Impairment Expenses of Assets to be Disposed	202	1,824
Depreciation Expenses of Assets to be Disposed	119	676
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	51,928	42,881
Leasing Expenses Related to TFRS 16 Exceptions	-	-
Maintenance Expenses	20,025	15,760
Advertisement Expenses	444	700
Other Expenses (*)	31,459	26,421
Loss on Sales of Assets	65,028	7,554
Other (**)	34,208	37,649
Total	186,309	125,219

(*) Included in other operating expenses; vehicle expenses are TL 3,229, communication expenses are TL 3,866, heating-lightening expenses are TL 2,143, stationery expenses are TL 584, cleaning expenses are TL 888, non-deductible expenses are TL 603, computer usage expenses are TL 4,785, subcontractor company expenses are TL 5,192, expertise expenses are TL 727, common expenses are TL 1,190, insurance expenses are TL 2,446, representation expenses are TL 1,905, other expenses are TL 3,901 (31 December 2020: vehicle expenses are TL 2,551, communication expenses are TL 4,815, heating-lightening expenses are TL 1,504, stationery expenses are TL 386, cleaning expenses are TL 922, non-deductible expenses are TL 814, computer usage expenses are TL 4,453, subcontractor company expenses are TL 4,194, expertise expenses are TL 792, common expenses are TL 1,356, insurance expenses are TL 1,468, representation expenses are TL 994 and other expenses are TL 2,172).

(**) Included in other assurance and financial consultancy expenses are TL 15,209, Saving Deposit Insurance Fund is TL 3,199 and other expenses are TL 15,800 (31 December 2020: assurance and financial consultancy expenses are TL 8,342, Saving Deposit Insurance Fund is TL 3,334, other expenses are TL 14,103 and free provisions are TL 11,870).

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IV. Explanations and Disclosures Related to the Statement of Income (cont'd)

8. Information on profit / loss from continuing and discontinued operations before tax:

The Bank that had closed the period of 31 December 2020 with a profit before tax of TL 39,136, closed the period of 31 December 2021 with a profit before tax of TL 75,448.

9. Explanation on tax provision for continued and discontinued operations:

- a) As of 31 December 2021, current tax expense: none (31 December 2020: no tax expense). TL 15,178 deferred tax expense (31 December 2020: deferred tax asset amounting to TL 19,056).
- b) There are deferred tax assets of TL 23,064 arising from the occurrence or closure of financial losses and temporary differences (31 December 2020: deferred tax asset amounting to TL 38,242).
- c) Deferred tax asset for temporary differences and carried forward tax loss is amounting to TL 4,963 (31 December 2020: deferred tax asset amounting to TL 4,963).
- d) Tax reconciliation:

	31 December 2021	31 December 2020
Profit before tax	75,448	39,136
Tax calculated 25% (*)	(18,862)	(8,610)
Deferred tax adjustment for financial loss	19,013	8,790
Non-deductible expenses and other, net	(151)	(180)
Tax Calculated	-	-

(*) The tax rate calculated as of 31 December 2020 is 22%.

10. Explanation on net profit/loss of continued and discontinued operations:

The Bank that had made a net profit of TL 20,080 as of 31 December 2020, closed the period of 31 December 2021 with a net profit of TL 60,270.

11. Explanations on net profit and loss for the period:

- a) If disclosure of the nature, size and recurrence rate of income and expense items arising from ordinary banking transactions is necessary for understanding the performance of the bank during the period, the nature and amount of these items: None.
- b) The effect of a change in the estimation made regarding the financial statement items on the profit/loss, if there is a possibility that it will affect the following periods, the effect including those periods: None.
- c) Profit/loss attributable to minority shares: None.

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IV. Explanations and Disclosures Related to the Statement of Income (cont'd)

12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

	31 December 2021	31 December 2020
<u>Other fees and commissions received</u>		
Expertise fees collected from customers	601	658
Transfer commissions	147	175
Insurance commissions	199	409
Cheque expense	-	11
Safe deposit box commissions	21	18
Intelligence Fee	-	55
Bill of Credit Commissions	-	2
Letter of Credit Commissions	11	23
Credit Card Commissions and Fees	6	8
Collection item commissions	1	1
Other banking service income (*)	613	544
Total	1,599	1,904

(*) Other banking operations income includes accounts such as bank operations income, collection expenses, loan expenses.

	31 December 2021	31 December 2020
<u>Other fees and commissions given</u>		
Other commissions paid to banks	1,566	1,109
EFT expense commission	168	159
Bond stock market share	169	230
Transfer commissions	68	122
Exchange custody commission	150	143
Credit card commissions	124	114
ATM expense commission	5	8
Other	535	368
Total	2,785	2,253

13. Fees for services received from auditor / audit firm:

	31 December 2021	31 December 2020
Audit Fee	1,411	1,019
Total	1,411	1,019

(*) Amounts Excluding VAT.

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V. Explanations and Notes on the Statement of Changes in Equity

- a) There is no increase arising from financial investments whose fair value difference is reflected in other comprehensive income.
- b) Information on increases in cash flow hedges: None.
- b.1) Beginning and end of the period: None.
- b.2) Amount recorded in the current period if the gain or loss of a derivative or non-derivative financial asset and liability designated as a hedging instrument in cash flow hedges is recorded in equity: None.
- c) The reconciliation of exchange rate differences at the beginning and end of the period: None.
- d) Dividends declared after the balance sheet date but before the announcement of the financial statements: None.
- e) Net dividends per share proposed to be distributed to the shareholders after the balance sheet date: The dividend distribution will be decided at the General Assembly meeting and the General Assembly has not yet been held as of the finalization date of the attached financial statements.
- f) Proposals to be made to the General Assembly about the timing of the dividend payment and the reasons if no dividends are to be distributed: As of the date of the finalization of the financial statements, the Board of Directors has not taken a decision on dividend distribution.
- g) There is no amount transferred to the legal reserves account (31 December 2020: None).
- h) Information on share certificate issuance:

The Bank does not have any instruments representing the debt issued by the Bank itself. There are no dividends related to the shares of the Bank announced after the balance sheet date.

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VI. Matters to be Explained in the Statement of Cash Flows

1. The effect of other items in the Statement of Cash Flows and the change in the exchange rate on cash and cash equivalents:

“Other items” amounting to TL (363,885) in “Operating profit before changes in operating assets and liabilities” in essence consist of fees and commissions paid, gain/losses from derivative financial instruments and other operating expenses (except for personnel expenses, provision for employee termination benefits, depreciation expenses and taxes paid).

“Net increase/(decrease) in other liabilities” amounting to TL 286,168 in “Changes in assets and liabilities subject to banking activities” mainly consists of changes in sundry payables, other liabilities and tax liabilities.

“Net increase/decrease in other assets” amounting to TL 480,310 mainly consists of changes in other assets.

The effect of the change in the foreign exchange rate on the cash and cash equivalents is calculated as approximately TL 246,269 and it represents the effect of the change in the foreign exchange rates over the foreign currency cash and cash equivalents.

2. Cash and cash equivalents at beginning and end of the period:

The reconciliation of the components of cash and cash equivalent assets, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the statement of cash flow:

Beginning of the Period	31 December 2020	31 December 2019
Cash		
Cash and Effective Reserve	45,104	39,732
The Central Bank of Turkey	41,296	299,662
Other		
Cash Equivalent Assets		
Banks and Receivables from Financial Institutions	329,991	199,941
Receivables from Money Market	249,048	60,000
Total Cash and Cash Equivalent Assets	665,439	599,335
End of the Period	31 December 2021	31 December 2020
Cash		
Cash and Effective Reserve	81,313	45,104
The Central Bank of Turkey	167,382	41,296
Other		
Cash Equivalent Assets		
Banks and Receivables from Financial Institutions	813,679	329,991
Receivables from Money Market	-	249,048
Total Cash and Cash Equivalent Assets	1,062,374	665,439

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VII. Explanations on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) 31 December 2021:

Risk Group of The Bank	Associates and Subsidiaries		Direct and Indirect Shareholders of the Bank		Other Real and 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	-	-	316	1,491	-	5,568
Balance at End of Period	-	-	61	2,031	-	9,317
Interest Received and Commission Income	-	-	-	-	-	13

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contains "Foreign Banks" amounting to TL 61.

b) 31 December 2020:

Risk Group of The Bank	Associates and Subsidiaries		Direct and Indirect Shareholders of the Bank		Other Real and 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	-	-	11,993	25,007	-	-
Balance at End of Period	-	-	316	1,491	-	5,568
Interest Received and Commission Income	-	-	-	-	260	13

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contains "Foreign Banks" amounting to TL 316.

c.1) Information on deposits belonging to the risk group of the Bank:

Risk Group of The Bank	Associates and Subsidiaries		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons Included in the Risk Group	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Deposit						
Beginning of the Period	-	-	942	3,543	2,356	8
End of the Period	-	-	1,036	942	688	2,356
Deposit Interest Expense (*)	-	-	-	-	73	10

In addition, the Bank has no "Funds Borrowed" used from risk group of the Bank (31 December 2020: None) and there is no interest expense was incurred from funds borrowed in 2021 (31 December 2020: None).

c.2) Information on forward and option agreements and other similar agreements made with related parties:
None.

d) As of 31 December 2021, the total amount of remuneration and benefits provided to the senior management of the Bank TL 15,261 (31 December 2020: TL 7,908).

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VII. Explanations on the Risk Group of the Bank (cont'd)

2. Regarding the risk group that the Risk Group of the Bank:

- a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

The Bank carries out various commercial banking transactions with its group companies.

- b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Balance	% Compared to the Amounts in the Financial Statements
Banks and other receivables	61	0.01
Borrowings	-	0.00
Non-cash loans	11,348	0.68
Deposits	1,724	0.05

These transactions are priced in accordance with the general pricing policies of the Bank.

- c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements: Explained in disclosure.b).
- d) Transactions accounted under the equity method: None.
- e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts:

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.22%. Details of these loans are explained in 1a above.

VIII. Explanations on the Bank's Domestic Branches, Agencies and Branches Abroad and Off- Shore Branches

1. Explanations on the Bank's Domestic Branches, Agencies and Branches Abroad and Off- Shore Branches:

	Number	Number of Employees			
Domestic branches	14	299			
			Country		
Rep-offices abroad	-	-	-		
				Total Assets	Legal Capital
Branches abroad	-	-	-	-	-
Off-Shore Branches	-	-	-	-	-

2. Explanation on the Subject in Case the Bank Opens, Closes, or Changes Its Organization Significantly in Domestic and Abroad Branches or Representative Offices:

None.

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IX. Explanations on Post-Balance Sheet Matters

None.

SECTION SIX

Other Explanations

I. Other explanations about the Bank's operations

In accordance with the Communiqué Regarding the Preparation of Consolidated Financial Statements of Banks published in the Official Gazette dated 8 November 2006 and numbered 26340, the Bank has no obligation to prepare consolidated financial statements.

SECTION SEVEN

INDEPENDENT AUDIT REPORT

I. Explanations Related to the Independent Audit Report

The financial statements and footnotes of the Bank disclosed to the public as of 31 December 2021 and for the period ending on the same date are published by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of DELOITTE TOUCHE TOHMATSU LIMITED).

The independent audit report dated 18 March 2022 is at the top of the financial statements and the notes related to the financial statements.

II. Explanations and Notes Prepared by the Independent Auditor

None.

