

4. SECTION

UNCONSOLIDATED FINANCIAL STATEMENTS

PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES
FOR THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2021 WITH INDEPENDENT AUDITOR'S REPORT

(Convenience translation of publicly announced unconsolidated financial statements and auditor report originally issued in Turkish)

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LIVABLE WORLD FOR FUTURE
GENERATIONS

INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Türk Ekonomi Bankası A.Ş.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Türk Ekonomi Bankası A.Ş. (the “Bank”), which comprise the balance sheet 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 of 31 December 2021, 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 BRSA and provisions of Turkish Accounting Standards (TAS) 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><i>Impairment of loans in accordance with TFRS 9 Financial Instruments Standard (“TFRS 9”)</i></p> <p>Impairment of loans is a key area of judgment for the management. The Bank has the total loans and receivables amounting to TL 107,822,996 thousand, which comprise 56% of the Bank’s total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 4,039,995 as at 31 December 2021.</p> <p>As of 1 January 2018, the Bank has started to recognize provisions for impairment in accordance with TFRS 9 and “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>In accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies, the expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Bank exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models. In addition, impairment of loans and receivables consist of significant judgments and assumptions regarding with Covid 19 effects.</p> <p>Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.</p> <p>Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.6.</p>	<p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have assessed and analysed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.</p> <p>We have performed loan review procedures on selected samples of loans and receivables considering effects of Covid 19 with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p>We have 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>We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p>We have tested whether the model is applied to appropriate segments of assets which share credit risk characteristics and whether the historical loss rates were incurred under economic conditions representative of those that may exist during the assets’ exposure periods.</p> <p>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p>Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements considering Covid 19 effects underlying the estimations of impairments were reasonable.</p> <p>We assessed expected credit losses determined based on individual assessment per Bank’s policy by means of supporting data, and evaluated appropriateness via communications with the Bank’s management considering Covid 19 effects.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loans and receivables and related impairment provisions.</p>

INDEPENDENT AUDITOR’S REPORT

<p>Pension fund obligations</p> <p>Defined benefit pension plan that the Bank provides to its employees is managed by Fortis Bank AŞ Mensupları Emekli Sandığı (“Plan”) which is established by the 20th provisional article of the Social Security Law numbered 506 (the “Law”).</p> <p>As disclosed in the Section III Note XVII to the unconsolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation (“SSF”) as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds’ members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation voucher.</p> <p>As of 31 December 2021, the Bank’s transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.</p> <p>As described in Section V Note II.8.c2 considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this as a key audit matter.</p>	<p>Our audit work included the following procedures:</p> <p>We involved external experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates.</p> <p>It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used.</p> <p>In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Bank’s actuary.</p> <p>We have assessed whether there is a significant change in the actuarial assumptions, methods, legal regulations and legislation used in the calculations and whether the assumptions are reasonable.</p>
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<p>Information technologies audit</p> <p>The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk-based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> – We identified and tested the Banks’ controls over information systems as part of our audit procedures. – Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> – Security Management – Change Management – Operations Management and Network Operations – We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner. – We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation. – Automated controls and integration controls were tested to underly and detect changes and accesses in the process of financial data generation. – We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components. – Finally, we understood and tested the controls over database, network, application and operating system layers of applications.
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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.

INDEPENDENT AUDITOR’S REPORT

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) Other Responsibilities Arising from 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 Yaman Polat.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Yaman Polat
Partner
İstanbul, 8 February 2022

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş. AS OF FOR THE YEAR ENDED 31 DECEMBER 2021

Address : Saray Mahallesi Sokullu Caddesi No: 7/A - 7/B
Ümraniye 34768 - İstanbul
Telephone : (0 216) 635 35 35
Fax : (0 216) 636 36 36
Website : www.teb.com.tr
E-mail : yatirimciiliskileri@teb.com.tr

The unconsolidated financial report for the year-end prepared in accordance with “Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced” as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below:

- General Information about the Bank
- Unconsolidated Financial Statements of the Bank
- Explanations on the Accounting Policies Applied in the Related Period
- Information on Financial Structure and Risk Management of the Bank
- Disclosures and Footnotes on Unconsolidated Financial Statements
- Other Explanations
- Independent Auditor’s Report

The accompanying audited unconsolidated financial statements, related disclosures and footnotes which are presented in this report are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, the related statements and guidance, and incompliance with the financial records of our Bank, and unless stated otherwise, presented in **thousands of Turkish Lira (TL)**.

Yavuz Canevi
Chairman of the Board of Directors

Nicolas de Baudinet de Courcelles
Chairman of the Audit Committee

Ayşe Aşardağ
Vice Chairman of the Audit Committee

Ümit Leblebici
Chief Executive Officer

M. Aşkın Dolaştır
Assistant General Manager Responsible
of Financial Reporting

Kamer Kıdıl
Director Responsible of
Financial Reporting

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

Name-Surname/Title: : Aslıhan Kaya/External Reporting Senior Manager
Tel No: : (0216) 635 24 51
Fax No: : (0216) 636 36 36

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

SECTION ONE

GENERAL INFORMATION

I. History of the Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status

Türk Ekonomi Bankası Anonim Şirketi ("TEB" or "Bank"), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul. On 10 February 2005, BNP Paribas took over 50% of shares of TEB Holding A.Ş. Consequently, BNP Paribas became indirect shareholder of TEB with 42.125% ownership. In 2009 BNP Paribas Group successively acquired 75% of Fortis Bank Belgium and 66% of Fortis Bank Luxembourg and became the shareholder holding the majority of the shares of Fortis Bank Turkey. The indirect majority shareholders of TEB which are BNP Paribas and Çolakoğlu Group has agreed on the merger of TEB and Fortis Bank under the trademark of TEB and following the authorizations obtained from the regulatory authorities on 14 February 2011 the legal merge of two banks has been performed. As a result of the merger of TEB Holding, TEB has a majority stake of 55% and on the other hand Çolakoğlu Group and BNP Paribas have the share of 50%.

II. Explanation on the Bank's Capital Structure, Shareholders of the Bank who are in Charge of the Management and/or Auditing of the Bank Directly or Indirectly, Changes in these Matters (if any), and the Group the Bank Belongs to

As of 31 December 2021, and 31 December 2020, the shareholders' structure and their respective ownerships are summarized as follows:

Name of shareholders	31 December 2021		31 December 2020	
	Paid in Capital	%	Paid in Capital	%
TEB Holding A.Ş.	1,212,415	55.00	1,212,415	55.00
BNPP Yatırımlar Holding A.Ş.	518,342	23.51	518,342	23.51
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23	467,879	21.23
BNP Paribas SA	5,253	0.24	5,253	0.24
Kocaeli Chamber of Commerce	501	0.02	501	0.02
	2,204,390	100.00	2,204,390	100.00

As of 31 December 2021, the Bank's paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (full TL) nominal each.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Bank They Possess

Name	Title	Education
Board of Directors;		
Yavuz Canevi	Chairman of the Board of Directors	Master
Dr. Akın Akbaygil	Deputy Chairman of the Board of Directors	PhD
François Andre Jesualdo Benaroya	Deputy Chairman of the Board of Directors	University
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	University
Yvan L.A.M. De Cock	Member of the Board of Directors	University
Sabri Davaz	Member of the Board of Directors and Audit Committee	Master
Sandrine Ferdane	Member of the Board of Directors	University
Xavier Henri Jean Guilmineau	Member of the Board of Directors	Master
Özden Odabaşı	Member of the Board of Directors	Master
Hans Wilfried J. Broucke	Member of the Board of Directors	Master
Nicolas de Baudinet de Courcelles	Member of the Board of Directors and Chairman of the Audit Committee	University
Ümit Leblebici	General Manager and the Executive Member	Master
Assistant General Managers;		
Gökhan Mendi	Senior Assistant General Manager Responsible from Retail and Private Banking Group	Master
Ali İhsan Arıdaşır	Assistant General Manager Responsible from SME Loans	University
Melis Coşan Baban	Chief Legal Advisor and Secretary of the Board of Directors	Master
Ali Gökhan Cengiz	Assistant General Manager Responsible from SME Banking	Master
Mehmet Ali Cer	Assistant General Manager Responsible from Information Technologies	Master
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Affairs Group	Master
Osman Durmuş	Assistant General Manager Responsible from Retail and Small Business Credit Group	University
Orhan Hatipoğlu	Assistant General Manager of Banking Operations and Support Services Group	University
Gülümser Özgün Henden (**)	Assistant General Manager Responsible from Corporate Banking Group	University
Bade Sipahioğlu Işık	Assistant General Manager Responsible from Human Resources Group	Master
Dr. Tuğrul Özbakan	Assistant General Manager Responsible from Asset Liability Management and Treasury Group	PhD
Akil Özçay	Assistant General Manager Responsible from Financial Markets	Master
Gökhan Özdiil	Assistant General Manager Responsible from Corporate Loans	University
Ömer Abidin Yenidoğan (***)	Assistant General Manager Responsible from Corporate Investment Banking Group	Master
Group Heads (*)		
Nimet Elif Kocaayan	Head of Group Risk Management	University
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer	Master
Internal Audit (*);		
Hakan Tıraşın	Head of Internal Audit	University

(*) Group Heads and Head of Internal Audit are in Assistant General Manager status.

(**) Gülümser Özgün Henden, Executive Vice President of the Bank's Corporate Banking Group, resigned from her position as of 31 December 2021, due to her appointment as the General Manager of TEB Faktoring A.Ş., effective from 1 January 2022.

(***) Effective from 1 January 2022; The Bank's Corporate Banking Group and Corporate Investment Banking Group were merged and the name was determined as

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

"Corporate and Institutional Investment Banking Group". The title of Ömer Abidin Yenidogan, Deputy General Manager of the Corporate Investment Banking Group, was changed to the Assistant General Manager responsible for the Corporate and Corporate Investment Banking Group.

There are no Bank shares owned by the above stated Chairman and Members of Board of Directors, General Manager and Assistants.

IV. Information on the Bank's Qualified Shareholders

Name/Commercial Name	Share Amount	Share Ratio	Paid-up Shares	Unpaid Shares
TEB Holding A.Ş.	1,212,415	55.00%	1,212,415	-
BNPP Yatırımlar Holding A.Ş.	518,342	23.51%	518,342	-
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23%	467,879	-

TEB Holding A.Ş. is a member of both Çolakoğlu and BNP Paribas groups. 50% of the shares of TEB Holding A.Ş. are controlled by BNP Paribas, Fortis Yatırımlar Holding A.Ş., while the remaining 50% is controlled by Çolakoğlu Group. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by BNP Paribas Fortis NV/SA whose shareholders are BNP Paribas Fortis NV/SA by 100% shares, respectively. 100% of the shares of BNPP Yatırımlar Holding A.Ş. are controlled by BNP Paribas SA.

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

The Bank's operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetimi A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 31 December 2021, the Bank has 451 local branches and 4 foreign branches (31 December 2020: 451 local branches, 4 foreign branches). As of 31 December 2021, the number of employees of the Bank is 8,572 (31 December 2020; 8,850).

VI. Differences between the Communiqué on Preparation of Financial Statements of Banks and Turkish Accounting Standards and Short Explanation about the Entities Subject to Full Consolidation or Proportional Consolidation and Entities which are Deducted from Equity or Entities which are not Included in these Three Methods

There is no difference for the Bank, except for the non-financial subsidiary, between the consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Financial Statements of Banks in Turkey.

The Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., it is presented as joint venture in financial statements however, and it is carried by cost value since necessary requirements for consolidation is not met.

TEB ARF Teknoloji A.Ş., a non-financial subsidiary owned 100% and by the Bank, was registered in the Trade Registry Gazette on 16 July 2020. The Bank presents TEB ARF Teknoloji A.Ş. in the subsidiaries line in its financial statements.

VII. Current or Likely, Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts Between Bank and its Subsidiaries

None.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- Balance Sheet
- Statement of Off-Balance Sheet Items
- Statement of Profit or Loss
- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Changes in Shareholders' Equity
- Statement of Cash Flows
- Statement of Profit Distribution

UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021 AND 2020

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	Section 5 Notes	Audited Current Period 31.12.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. FINANCIAL ASSETS (Net)		20,140,497	45,304,746	65,445,243	20,245,141	23,861,188	44,106,329
1.1 Cash and Cash Equivalents		7,333,948	40,007,979	47,341,927	11,518,749	19,455,185	30,973,934
1.1.1 Cash and Balances with Central Bank	(I-1)	5,718,495	30,072,800	35,791,295	3,431,921	13,519,382	16,951,303
1.1.2 Banks	(I-4)	1,618,025	9,962,314	11,580,339	1,908,213	5,947,943	7,856,156
1.1.3 Money Markets		-	-	-	6,180,886	-	6,180,886
1.1.4 Expected Loss Provision (-)		2,572	27,135	29,707	2,271	12,140	14,411
1.2 Financial Assets at Fair Value Through Profit or Loss		2,001,647	792,140	2,793,787	511,089	1,119,802	1,630,891
1.2.1 Government Debt Securities	(I-2)	1,942,260	549,168	2,491,428	463,550	984,266	1,447,816
1.2.2 Equity Securities		59,387	135,326	194,713	47,539	75,378	122,917
1.2.3 Other Financial Assets		-	107,646	107,646	-	60,158	60,158
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-5)	3,001,729	4,173,355	7,175,084	5,628,391	3,022,986	8,651,377
1.3.1 Government Debt Securities		2,988,479	4,173,355	7,161,834	5,617,510	3,022,986	8,640,496
1.3.2 Equity Securities		13,250	-	13,250	10,881	-	10,881
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets		7,803,173	331,272	8,134,445	2,586,912	263,215	2,850,127
1.4.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	6,006,577	325,399	6,331,976	1,936,770	263,215	2,199,985
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	1,796,596	5,873	1,802,469	650,142	-	650,142
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		86,522,949	36,807,353	123,330,302	76,191,309	15,213,133	91,404,442
2.1 Loans	(I-6)	78,371,554	29,451,442	107,822,996	69,567,055	13,365,035	82,932,090
2.2 Lease Receivables	(I-11)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(I-7)	11,379,873	8,171,827	19,551,700	10,197,854	2,325,087	12,522,941
2.4.1 Government Debt Securities		11,379,873	8,171,827	19,551,700	10,197,854	2,325,087	12,522,941
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Loss (-)		3,228,478	815,916	4,044,394	3,573,600	476,989	4,050,589
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)		65,933	-	65,933	112,859	-	112,859
3.1 Held for Sale Purpose	(I-17)	65,933	-	65,933	112,859	-	112,859
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		116,041	-	116,041	116,041	-	116,041
4.1 Investments in Associates (Net)	(I-8)	-	-	-	-	-	-
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	(I-9)	116,036	-	116,036	116,036	-	116,036
4.2.1 Unconsolidated Financial Subsidiaries		115,986	-	115,986	115,986	-	115,986
4.2.2 Unconsolidated Non-Financial Subsidiaries		50	-	50	50	-	50
4.3 Joint Ventures (Net)	(I-10)	5	-	5	5	-	5
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		5	-	5	5	-	5
V. PROPERTY AND EQUIPMENT (Net)	(I-13)	915,504	-	915,504	836,192	-	836,192
VI. INTANGIBLE ASSETS (Net)	(I-14)	601,609	-	601,609	564,803	-	564,803
6.1 Goodwill		421,124	-	421,124	421,124	-	421,124
6.2 Other		180,485	-	180,485	143,679	-	143,679
VII. INVESTMENT PROPERTIES (Net)	(I-15)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		133,380	-	133,380	19,678	-	19,678
IX. DEFERRED TAX ASSET	(I-16)	133,323	-	133,323	632,912	-	632,912
X. OTHER ASSETS (Net)	(I-18)	2,552,827	762,860	3,315,687	1,965,145	289,641	2,254,786
TOTAL ASSETS		111,182,063	82,874,959	194,057,022	100,684,080	39,363,962	140,048,042

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

UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021 AND 2020

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	Section 5 Note	Audited Current Period 31.12.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	(II-1)	55,445,419	76,393,830	131,839,249	49,618,540	44,154,938	93,773,478
II. FUNDS BORROWED	(II-3)	602,162	14,995,603	15,597,765	412,907	9,334,699	9,747,606
III. MONEY MARKET FUNDS	(II-4)	3,839,747	5,001,962	8,841,709	3,830,785	2,717,468	6,548,253
IV. SECURITIES ISSUED (Net)	(II-3)	1,194,525	-	1,194,525	4,810,637	-	4,810,637
4.1 Bills		1,194,525	-	1,194,525	4,766,623	-	4,766,623
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	44,014	-	44,014
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES		4,321,769	168,019	4,489,788	3,135,153	208,026	3,343,179
7.1 Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	3,995,359	163,818	4,159,177	2,151,316	193,125	2,344,441
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-7)	326,410	4,201	330,611	983,837	14,901	998,738
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(II-6)	526,566	37,923	564,489	547,035	51,922	598,957
X. PROVISIONS	(II-8)	903,248	321,520	1,224,768	746,323	226,726	973,049
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		693,202	55,663	748,865	475,253	29,963	505,216
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		210,046	265,857	475,903	271,070	196,763	467,833
XI. CURRENT TAX LIABILITY	(II-9)	240,411	-	240,411	321,406	-	321,406
XII. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(II-10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Held from Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(II-11)	-	7,239,036	7,239,036	-	4,194,951	4,194,951
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	7,239,036	7,239,036	-	4,194,951	4,194,951
XV. OTHER LIABILITIES		6,454,175	2,753,288	9,207,463	4,070,593	256,082	4,326,675
XVI. SHAREHOLDERS' EQUITY	(II-12)	13,793,809	(175,990)	13,617,819	11,360,851	49,000	11,409,851
16.1 Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2 Capital Reserves		389,769	-	389,769	390,297	-	390,297
16.2.1 Share Premiums		2,565	-	2,565	2,565	-	2,565
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		387,204	-	387,204	387,732	-	387,732
16.3 Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit or Loss		(53,164)	-	(53,164)	279,006	-	279,006
16.4 Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit or Loss		269,152	(175,990)	93,162	(363,792)	49,000	(314,792)
16.5 Profit Reserves		9,070,764	-	9,070,764	7,664,139	-	7,664,139
16.5.1 Legal Reserves		510,951	-	510,951	452,086	-	452,086
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		8,253,331	-	8,253,331	7,020,021	-	7,020,021
16.5.4 Other Profit Reserves		306,482	-	306,482	192,032	-	192,032
16.6 Profit or Loss		1,912,898	-	1,912,898	1,186,811	-	1,186,811
16.6.1 Prior Periods' Profit/Loss		-	-	-	9,497	-	9,497
16.6.2 Current Periods' Profit/Loss		1,912,898	-	1,912,898	1,177,314	-	1,177,314
TOTAL LIABILITIES		87,321,831	106,735,191	194,057,022	78,854,230	61,193,812	140,048,042

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

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2021 AND 2020

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

II. STATEMENT OF OFF-BALANCE SHEET ITEMS

	Section 5 Note	Audited Current Period 31.12.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	FC	TL	Total
A.							
OFF BALANCE SHEET COMMITMENTS (I+II+III)		116,127,369	166,079,544	282,206,913	82,223,013	89,376,868	171,599,881
I. GUARANTEES AND WARRANTIES	(III-1)	8,471,532	30,062,181	38,533,713	7,481,426	16,764,598	24,246,024
1.1 Letters of Guarantee		7,058,379	14,037,146	21,095,525	6,052,327	8,131,845	14,184,172
1.1.1 Guarantees Subject to State Tender Law		133,980	147,510	281,490	80,715	89,820	170,535
1.1.2 Guarantees Given for Foreign Trade Operations		395,162	612,824	1,007,986	344,482	545,346	889,828
1.1.3 Other Letters of Guarantee		6,529,237	13,276,812	19,806,049	5,627,130	7,496,679	13,123,809
1.2 Bank Acceptances		-	33,680	33,680	-	16,573	16,573
1.2.1 Import Letter of Acceptance		-	33,680	33,680	-	16,573	16,573
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	10,343,834	10,343,834	-	5,025,525	5,025,525
1.3.1 Documentary Letters of Credit		-	4,046,781	4,046,781	-	3,656,589	3,656,589
1.3.2 Other Letters of Credit		-	6,297,053	6,297,053	-	1,368,936	1,368,936
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		1,384,153	4,279,755	5,663,908	1,428,395	2,548,277	3,976,672
1.9 Other Collaterals		29,000	1,367,766	1,396,766	704	1,042,378	1,043,082
II. COMMITMENTS	(III-1)	24,865,509	8,633,167	33,498,676	17,188,967	2,831,971	20,020,938
2.1 Irrevocable Commitments		24,865,509	8,633,167	33,498,676	17,188,967	2,831,971	20,020,938
2.1.1 Asset Purchase Commitments		3,543,805	7,707,411	11,251,216	916,964	2,114,054	3,031,018
2.1.2 Deposit Purchase and Sale Commitments		-	-	-	-	94,524	94,524
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		7,121,357	52,502	7,173,859	5,498,822	237,748	5,736,570
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		2,135,381	-	2,135,381	1,741,408	-	1,741,408
2.1.8 Tax and Fund Liabilities from Export Commitments		51,363	-	51,363	47,494	-	47,494
2.1.9 Commitments for Credit Card Limits		12,007,806	-	12,007,806	8,978,512	-	8,978,512
2.1.10 Commitments for Credit Cards and Banking Services Promotions		5,797	-	5,797	5,767	-	5,767
2.1.11 Receivables from Short Sale Commitments on Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments on Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		-	873,254	873,254	-	385,645	385,645
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(III-2)	82,790,328	127,384,196	210,174,524	57,552,620	69,780,299	127,332,919
3.1 Derivative Financial Instruments for Hedging Purposes		21,649,500	7,806,018	29,455,518	14,112,081	9,895,360	24,007,441
3.1.1 Fair Value Hedge		-	-	-	1,991,418	4,258,649	6,250,067
3.1.2 Cash Flow Hedge		21,649,500	7,806,018	29,455,518	12,120,663	5,636,711	17,757,374
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Held for Trading Transactions		61,140,828	119,578,178	180,719,006	43,440,539	59,884,939	103,325,478

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

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2021 AND 2020

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

	Section 5 Note	Audited Current Period 31.12.2021			Audited Prior Period 31.12.2020		
		TL	FC	Total	FC	TL	Total
3.2.1 Forward Foreign Currency Buy/Sell Transactions		11,386,300	15,523,785	26,910,085	6,698,057	10,100,110	16,798,167
3.2.1.1 Forward Foreign Currency Transactions-Buy		9,169,995	4,268,100	13,438,095	4,420,031	4,234,382	8,654,413
3.2.1.2 Forward Foreign Currency Transactions-Sell		2,216,305	11,255,685	13,471,990	2,278,026	5,865,728	8,143,754
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		47,269,862	90,288,974	137,558,836	35,101,585	43,210,657	78,312,242
3.2.2.1 Foreign Currency Swap-Buy		1,451,736	55,792,484	57,244,220	1,723,908	25,735,907	27,459,815
3.2.2.2 Foreign Currency Swap-Sell		30,279,126	26,837,944	57,117,070	20,517,677	10,825,732	31,343,409
3.2.2.3 Interest Rate Swaps-buy		7,769,500	3,829,273	11,598,773	6,430,000	3,324,509	9,754,509
3.2.2.4 Interest Rate Swaps-Sell		7,769,500	3,829,273	11,598,773	6,430,000	3,324,509	9,754,509
3.2.3 Foreign Currency, Interest Rate and Securities Options		2,116,848	11,241,994	13,358,842	1,050,757	3,069,974	4,120,731
3.2.3.1 Foreign Currency Options-Buy		1,630,468	2,022,308	3,652,776	729,259	1,370,067	2,099,326
3.2.3.2 Foreign Currency Options-Sell		486,380	3,144,606	3,630,986	321,498	1,699,907	2,021,405
3.2.3.3 Interest Rate Options-Buy		-	3,037,540	3,037,540	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	3,037,540	3,037,540	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		367,818	439,173	806,991	590,140	543,771	1,133,911
3.2.4.1 Foreign Currency Futures-Buy		329,039	113,632	442,671	2,957	541,030	543,987
3.2.4.2 Foreign Currency Futures-Sell		38,779	325,541	364,320	587,183	2,741	589,924
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	2,084,252	2,084,252	-	2,960,427	2,960,427
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		180,225,071	75,379,967	255,605,038	169,031,491	42,921,176	211,952,667
IV. ITEMS HELD IN CUSTODY		32,867,319	11,269,226	44,136,545	26,642,365	5,778,751	32,421,116
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		12,863,893	8,458,577	21,322,470	14,096,812	4,231,162	18,327,974
4.3 Cheques Received for Collection		19,057,718	2,118,236	21,175,954	11,666,295	953,460	12,619,755
4.4 Commercial Notes Received for Collection		556,074	131,845	687,919	532,953	81,589	614,542
4.5 Other assets Received for Collection		125	560,568	560,693	125	512,540	512,665
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		389,509	-	389,509	346,180	-	346,180
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		146,582,395	63,783,004	210,365,399	139,190,758	36,757,375	175,948,133
5.1 Marketable Securities		122,836	673,062	795,898	306,697	459,121	765,818
5.2 Guarantee Notes		53,995,371	42,876,164	96,871,535	50,158,510	24,390,412	74,548,922
5.3 Commodity		226,267	-	226,267	142,587	108,608	251,195
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		78,587,982	15,290,955	93,878,937	77,965,304	8,026,196	85,991,500
5.6 Other Pledged Items		13,649,939	4,942,823	18,592,762	10,617,660	3,773,038	14,390,698
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		775,357	327,737	1,103,094	3,198,368	385,050	3,583,418
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		296,352,440	241,459,511	537,811,951	251,254,504	132,298,044	383,552,548

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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021 AND 2020

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

III. STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS		Section 5 Note	Audited Current Period 01.01-31.12.2021	Audited Prior Period 01.01-31.12.2020
I.	INTEREST INCOME	(IV-1)	15,688,351	11,234,821
1.1	Interest Income on Loans		11,849,972	8,673,914
1.2	Interest Income on Reserve Requirements		413,671	83,562
1.3	Interest Income on Banks		132,632	161,194
1.4	Interest Income on Money Market Transactions		118,711	145,965
1.5	Interest Income on Securities Portfolio		3,107,460	2,147,734
1.5.1	Financial Assets at Fair Value Through Profit or Loss		257,762	178,384
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		709,714	800,174
1.5.3	Financial Assets Measured at Amortized Cost		2,139,984	1,169,176
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		65,905	22,452
II.	INTEREST EXPENSE (-)	(IV-2)	8,835,958	5,088,745
2.1	Interest Expense on Deposits		7,267,025	3,688,830
2.2	Interest Expense on Funds Borrowed		646,307	485,826
2.3	Interest Expense on Money Market Transactions		315,621	238,193
2.4	Interest Expense on Securities Issued		451,610	454,149
2.5	Interest Expense on Leases		105,359	99,037
2.6	Other Interest Expenses		50,036	122,710
III.	NET INTEREST INCOME/EXPENSE (I - II)		6,852,393	6,146,076
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		1,385,256	1,157,227
4.1	Fees and Commissions Received		2,442,043	1,761,110
4.1.1	Non-cash Loans		323,558	260,274
4.1.2	Other	(IV-12)	2,118,485	1,500,836
4.2	Fees and Commissions Paid (-)		1,056,787	603,883
4.2.1	Non-cash Loans		7,301	6,628
4.2.2	Other	(IV-12)	1,049,486	597,255
V.	DIVIDEND INCOME	(IV-3)	6,436	31,334
VI.	TRADING INCOME/LOSS (Net)	(IV-4)	(1,997,967)	(1,739,661)
6.1	Securities Trading Gains/Losses		(66,347)	(52,291)
6.2	Gains/Losses on Derivative Financial Instruments		(2,761,832)	(1,059,395)
6.3	Foreign Exchange Gains/Losses		830,212	(627,975)
VII.	OTHER OPERATING INCOME	(IV-5)	220,579	132,845
VIII.	GROSS OPERATING PROFIT (III+IV+V+VI+VII)		6,466,697	5,727,821
IX.	EXPECTED CREDIT LOSS (-)	(IV-6)	(31,409)	752,187
X.	OTHER PROVISION EXPENSES (-)	(IV-6)	1,572	(22,683)
XI.	PERSONNEL EXPENSE (-)		1,828,080	1,581,739
XII.	OTHER OPERATING EXPENSES (-)	(IV-7)	2,169,928	1,866,858
XIII.	NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)		2,498,526	1,549,720
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV.	INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI.	INCOME/LOSS ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(IV-8)	2,498,526	1,549,720
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-9)	585,628	372,406
18.1	Current Tax Provision		166,686	486,856
18.2	Deferred Tax Expense Effect (+)		3,014,587	1,314,199
18.3	Deferred Tax Income Effect (-)		(2,595,645)	(1,428,649)
XIX.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVII±XVIII)	(IV-10)	1,912,898	1,177,314
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses from Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	(IV-8)	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	(IV-10)	-	-
XXV.	NET INCOME/LOSS (XIX+XXIV)	(IV-11)	1,912,898	1,177,314
25.1	Group's Profit/Loss		1,912,898	1,177,314
25.2	Minority Interest Profit/Loss (-)		-	-
	Earnings per Share		0.8678	0.5341

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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021 AND 2020

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

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.	CURRENT PERIOD INCOME/LOSS	1,912,898	1,177,314
II.	OTHER COMPREHENSIVE INCOME	295,070	511,963
2.1	Other Comprehensive Income that will not be Reclassified through Profit or Loss	(112,884)	(42,575)
2.1.1	Gains/losses on Revaluation of Property, Plant and Equipment	-	-
2.1.2	Gains/losses on Revaluation of Intangible Assets	-	-
2.1.3	Gains/losses on Remeasurements of Defined Benefit Plans	(143,916)	(53,832)
2.1.4	Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	2,369	500
2.1.5	Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	28,663	10,757
2.2	Other Comprehensive Income that will be Reclassified to Profit or Loss	407,954	554,538
2.2.1	Exchange Differences on Translation	-	-
2.2.2	Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	(141,097)	(132,443)
2.2.3	Income/loss related with Cash Flow Hedges	658,228	829,370
2.2.4	Income/loss related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Components of Other Comprehensive Income that will be Reclassified through Other Profit or Loss	-	-
2.2.6	Taxes Relating to Components of Other Comprehensive Income that will be Reclassified through Profit or Loss	(109,177)	(142,389)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	2,207,968	1,689,277

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

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2021 AND 2020

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss						
Audited	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or Loss	Total Equity
Prior Period - 01.01-31.12.2020														
I. Prior Period End Balance	2,204,390	2,565	-	387,732	266,122	41,322	4,743	-	17,421	(886,751)	6,603,179	1,079,851	-	9,720,574
II. Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	2,204,390	2,565	-	387,732	266,122	41,322	4,743	-	17,421	(886,751)	6,603,179	1,079,851	-	9,720,574
IV. Total Comprehensive Income	-	-	-	-	-	(43,066)	491	-	(105,508)	660,046	-	-	1,177,314	1,689,277
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	9,394	-	-	-	-	-	1,060,960	(1,070,354)	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	9,394	-	-	-	-	-	1,060,960	(1,070,354)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance 31.12.2020 (III+IV+V+VI+VII+VIII+IX+X+XI)	2,204,390	2,565	-	387,732	275,516	(1,744)	5,234	-	(88,087)	(226,705)	7,664,139	9,497	1,177,314	11,409,851
Current Period - 01.01-31.12.2021														
I. Prior Period End Balance	2,204,390	2,565	-	387,732	275,516	(1,744)	5,234	-	(88,087)	(226,705)	7,664,139	1,186,811	-	11,409,851
II. Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	2,204,390	2,565	-	387,732	275,516	(1,744)	5,234	-	(88,087)	(226,705)	7,664,139	1,186,811	-	11,409,851
IV. Total Comprehensive Income	-	-	-	-	-	(115,131)	2,247	-	(111,549)	519,503	-	-	1,912,898	2,207,968
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	(528)	(220,221)	-	-	-	-	-	230,246	(9,497)	-	-
XI. Profit Distribution	-	-	-	-	935	-	-	-	-	-	1,176,379	(1,177,314)	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	935	-	-	-	-	-	1,176,379	(1,177,314)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance 31.12.2021 (III+IV+V+VI+VII+VIII+IX+X+XI)	2,204,390	2,565	-	387,204	56,230	(116,875)	7,481	-	(199,636)	292,798	9,070,764	-	1,912,898	13,617,819

1. Increase/decrease from tangible assets accumulated revaluation reserve,

2. Accumulated gains/losses on remeasurements of defined benefit plans,

3. Other (Other comprehensive income of associates and joint ventures accounted with equity method that will not be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will not be reclassified at profit or loss),

4. Foreign currency translation differences,

5. Accumulated revaluation and/or classification gains/losses of financial assets at fair value through other comprehensive income,

6. Other (Cash flow hedge gains/losses, other comprehensive income of associates and joint ventures accounted with equity method that will be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will be reclassified at profit or loss).

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

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR 1 JANUARY - 31 DECEMBER 2021 AND 2020

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

VI. STATEMENT OF CASH FLOWS

		Section 5 Note	Audited Current Period 01.01-31.12.2021	Audited Prior Period 01.01-31.12.2020
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities		12,949,732	4,593,464
1.1.1	Interest received		14,185,899	10,682,443
1.1.2	Interest paid		(8,661,220)	(4,927,409)
1.1.3	Dividend received		6,436	31,334
1.1.4	Fees and commissions received		2,383,938	1,345,387
1.1.5	Other income		1,050,791	133,145
1.1.6	Collections from previously written off loans		1,140,863	1,610,390
1.1.7	Payments to personnel and service suppliers		(1,790,465)	(1,551,591)
1.1.8	Taxes paid		(415,202)	(342,411)
1.1.9	Others	(VI-1)	5,048,692	(2,387,824)
1.2	Changes in operating assets and liabilities		(2,315,813)	7,275,565
1.2.1	Net (increase) in financial asset at fair value through profit or loss		(1,167,412)	(329,359)
1.2.2	Net (increase) in due from banks and other financial institutions		(73,186)	(83,896)
1.2.3	Net (increase) in loans		(14,684,933)	(10,570,598)
1.2.4	Net (increase) in other assets	(VI-1)	(9,886,311)	(1,402,056)
1.2.5	Net (decrease)/increase in bank deposits		(3,183,214)	11,958,916
1.2.6	Net increase in other deposits		15,499,421	5,480,752
1.2.7	Net increase/(decrease) in financial asset at fair value through profit or loss		-	-
1.2.8	Net increase in funds borrowed		5,821,763	1,206,986
1.2.9	Net (increase)/decrease in matured payables		-	-
1.2.10	Net increase in other liabilities	(VI-1)	5,358,059	1,014,820
I.	Net cash provided from banking operations		10,633,919	11,869,029
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities		(1,692,346)	(9,602,984)
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)		-	(50)
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)		-	-
2.3	Cash paid for purchase of tangible assets		(227,095)	(202,037)
2.4	Cash obtained from sale of tangible assets		3,618	3,907
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income		(3,472,651)	(6,171,855)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income		6,749,988	3,620,752
2.7	Cash paid for purchase of financial assets measured at amortized cost		(6,645,155)	(7,591,796)
2.8	Cash obtained from sale of financial assets measured at amortized cost		2,016,874	823,184
2.9	Others	(VI-1)	(117,925)	(85,089)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities		(3,817,143)	2,189,332
3.1	Cash obtained from funds borrowed and securities issued		10,033,681	14,631,331
3.2	Cash used for repayment of funds borrowed and securities issued		(13,594,895)	(12,196,805)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	-
3.5	Payments for financial leases		(255,929)	(245,194)
3.6	Others		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(VI-1)	2,128,252	1,432,624
V.	Net increase in cash and cash equivalents		7,252,682	5,888,001
VI.	Cash and cash equivalents at beginning of the period		24,074,539	18,186,538
VII.	Cash and cash equivalents at end of the period	(VI-2)	31,327,221	24,074,539

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

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR 31 DECEMBER 2021 AND 2020

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

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	2,498,526	1,549,720
1.2	TAXES AND DUTIES PAYABLE (-)	585,628	372,406
1.2.1	Corporate tax (Income tax)	166,686	486,856
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties ^(**)	418,942	(114,450)
A.	NET INCOME FOR THE YEAR (1.1-1.2)	1,912,898	1,177,314
1.3	PRIOR YEARS' LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	58,866
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	1,912,898	1,118,448
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of preferred shares	-	-
1.6.3	To owners of preferred shares (preemptive rights)	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of preferred shares	-	-
1.9.3	To owners of preferred shares (preemptive rights)	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	1,118,448
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVE	-	-
2.1	DISTRIBUTED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of preferred shares	-	-
2.3.3	To owners of preferred shares (preemptive rights)	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE	-	-
3.1	TO OWNERS OF ORDINARY SHARES	0.8678	0.5341
3.2	TO OWNERS OF ORDINARY SHARES (%)	86.78	53.41
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 (%)	-	-

(*) As of 31 December 2021, when the financial statements have been finalized, the General Assembly meeting has not been held.

(**) Other taxes and duties amount is deferred tax income (31 December 2020: Deferred tax income).

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

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

SECTION THREE

ACCOUNTING PRINCIPLES

I. Basis of Presentation

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

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

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value.

The preparation of unconsolidated 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 audited regularly and, when necessary, suitable corrections are made, and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The new type of coronavirus (COVID-19), first emerging in China, has been classified as a pandemic affecting countries globally by the World Health Organization on 11 March 2020. COVID-19 has 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 it still maintains uncertainty about the future stands. While many countries announce economic and financial programs in order to limit the damage caused by the virus, Turkey also set regulatory fiscal and monetary actions in motion to support the companies and households in such difficult conditions. Additional regulatory measures are continued to be announced to tackle adverse impacts on companies and certain sectors.

The effects of this global pandemic on the Bank’s financial statements are regularly monitored by the Risk Management as well as the Bank’s Management. While preparing the unconsolidated financial statements as at 31 December 2021, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgements used in the preparation of the financial statements. Bank Management takes the necessary precautions in order to keep the negative effects under control and to be affected at the minimum level. The approach preferred for the period of 31 December 2021, will be revised in the following reporting periods, considering the effect of the pandemic and future expectations.

b. The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements:

The accounting policies and valuation principles used in the preparation of the financial statements are subject to the regulations, communiqués, annotations and circulars issued by BRSA on accounting and financial reporting principles and the TFRS (“BRSA Accounting and Financial Reporting Legislation”) which has been put into force by the POA on issues not regulated by the BRSA determined according to the principles.

The amendments to TAS/TFRS, effective from 1 January 2022, do not have a significant impact on the Bank’s accounting policies, financial position and performance. The amendments to TAS and TFRS, which have been published but not yet entered into force as of the finalization date of the financial statements, will not have a significant impact on the Bank’s accounting policies, financial position and performance.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Basis of Presentation (continued)

c. The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements: (continued)

In addition, Benchmark Rate Reform - Phase 2, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021 was published in December 2020. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The impact of the changes on the Bank’s financials has been evaluated and did not have a significant impact. On the other hand, the Benchmark Interest Rate Reform process continues for some indicators and the Bank continues to work within the scope of adaptation to the changes. In this context, a working group was established within the scope of evaluating the impact of the interest rate reform on the financial statements and harmonization with the reform. As a result of the evaluations, it is expected that the effect of the relevant change on the financial statements will be limited.

According to the announcement made by Public Oversight Accounting and Auditing Standards Authority on 20 January 2022, since cumulative change in the general purchasing power according to Consumer Price Index (“CPI”) of the last 3 years was 74.41%, it has been stated that entities that apply Turkish Financial Reporting Standards (“TFRS”) do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 “Financial Reporting in Hyperinflationary Economies”. In the accompanying financial statements, no inflation adjustment has been made in accordance with TAS 29.

The accounting policies and valuation principles for the current period are explained in Note II and Note XXV below.

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

The Bank aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and small individual investors in line with Banking Legislation. The primary objective of the Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs.

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 risk management strategy of the Bank, risk bearing short positions of currency, interest or price movements is performed only by the Asset-Liability Management and Treasury Group using the limits defined by the Board of Directors. The Asset-Liability Committee manages the maturity mismatches while deciding the short-, medium- and long-term strategies as well as adopting the principle of positive balance sheet margin as a pricing policy.

The Board of Directors allows a purchase risk in treasury operations and individual limits are defined by the Board of Directors for each product.

The Bank’s foreign currency asset and liability balances are valued with the Bank’s exchange buying rate at the reporting date and recognized as “Foreign Exchange Gains/Losses” within statement of income.

The Bank’s hedging activities for the currency risk due to foreign currency available for sale equity instruments are described under the currency risk section; and the Bank’s hedging activities from interest rate risk arising from fixed interest rate deposits and floating interest rate borrowings are described in detail under interest rate risk section.

The Bank’s Asset-Liability Committee approves the trading of various derivative instruments such as currency swaps, forwards and similar derivatives to hedge interest and currency exchange risks in line with the balance sheet structure.

III. Explanations on Investments in Associates, Subsidiaries and Joint Ventures

In accordance with “TAS 27”, investments in associates, subsidiaries and joint ventures are accounted with cost values and are reflected on the financial statements after deducting the provision for impairment, if any.

The dividends received from investments in associates, subsidiaries and joint ventures are reflected to income statements at the date of the right to receive dividend.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

IV. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank’s derivative transactions mainly consist of foreign currency swaps and interest rate swaps, cross currency swaps, currency options and forward foreign currency purchase and sale contracts.

Pursuant to “TFRS 9 Financial Instruments” (“TFRS 9”), derivative financial instruments of the Bank are classified as “Derivative Financial Assets at Fair Value Through Profit or Loss” or “Derivative Financial Assets at Fair Value Through Other Comprehensive Income”.

The portion of derivative financial assets at fair value through profit or loss

Receivables and liabilities arising from derivative transactions are recorded in off-balance sheet accounts over contract amounts. Derivative transactions are measured at fair value after initial recognition. Derivative financial instruments are initially recognized at fair value and attributable transaction costs are recognized in profit or loss on the date they are incurred. In the periods following the recording of derivative transactions, the part of derivative financial assets at fair value through profit or loss or the part of derivative financial liabilities at fair value through profit or loss are shown in the balance sheet, depending on whether the fair value is positive or negative. Differences in fair value as a result of the valuation are reflected in the profit or loss statement from derivative financial transactions.

Derivative financial instruments are booked under off-balance sheet items. Derivative financial instruments where the underlying asset is money or commodity, are booked based on the amounts to be received/paid at the maturity date. Derivative financial instruments based on interest rate are booked with the principal amount on which the interest rate is calculated.

All derivative financial instruments are measured with fair value method. The fair value of the derivative financial instruments traded in organized markets is the price on the organized market. Within the scope of TFRS 13 Fair Value Measurement standard; The Bank considers that (i) the fair value of the asset or liability (or similar asset or liability) has significantly decreased in its volume or level of activity relative to normal market volume, (ii) when a transaction price or quoted price does not reflect fair value and/or (iii) when a material adjustment is required so that the price of a similar asset is comparable to the subject asset, or (iv) when the price is no longer valid, it adjusts the transaction price or the quoted price and reflects this adjustment in the fair value measurement. In this context, the Bank determines the point in the range that best reflects the fair value in the current market conditions.

The cash flows of forward, currency swap, interest rate swap, and cross currency swap, transactions should be determined firstly in order to measure with fair value method. Expected cash flows due to the floating interest rate for these products are defined according to market interest rate at the valuation date. Valuation is calculated by discounting the cash flows with the market interest rate and foreign currencies are converted into Turkish Lira with exchange rates at the valuation date.

Derivative financial instruments based on interest rate are measured not only with fair value method but also with amortized cost. While the fair value of derivatives is reflected in a single valuation account within the balance sheet, the amortized cost and the difference between the fair value and the amortized cost are reflected separately on the income/expense accounts.

Black and Scholes Model is used to measure the fair value of options. Options premiums are accrued on the start date of maturity. The valuation amount is composed of premiums valued at each valuation date. Premium to be paid calculated within this model is recorded as income, and the premium to be collected as expense.

Disclosures on derivatives for hedging purposes

In the admission of the accounting policies, TFRS 9 presents the option of postponing the adoption of TFRS 9 hedge accounting and continuing to apply the hedge accounting provisions of TAS 39. Within this context, the Bank will continue to apply the hedge accounting provisions of TAS 39.

The Bank has adopted fair value and cash flow hedge accounting. Hedge accounting can be applied in order to prevent short-term fluctuations in the income statement resulting from differences between valuation methods of assets and liabilities exposed to interest rate risk and their hedging derivative instruments.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

IV. Explanations on Forward and Option Contracts and Derivative Instruments (continued)

The portion of derivative financial assets at fair value through profit or loss (continued)

A part of the Bank’s fixed income foreign currency securities and Turkish Lira loans are subject to fair value hedge accounting. The fair value risk of the related financial assets with fixed interest rate is hedged by currency swaps and cross currency swaps. The Bank is also hedging the cash flow risk arising from financial debts, with interest rate swaps and cross currency swaps. The difference in the fair values of derivative transactions for fair value hedging purposes is followed in the “Profit/Loss from Derivative Financial Transactions” account. For fixed rate loans, the change in the fair value of the hedged item is shown together with the related asset in the statement of financial position as long as the hedge is effective.

The portion of derivative financial assets at fair value through other comprehensive income

The Bank is also protected from the cash flow risk arising from its financial debts with interest rate swaps and cross currency swaps. In cash flow hedge accounting, the effective part of the fair value change of the hedging instrument is recognized in the “accumulated other comprehensive income or expense to be reclassified in profit or loss” account under equity, and the ineffective part is recognized in the statement of profit or loss. In periods when the cash flows related to the hedged item affect profit or loss, the profit/loss of the related hedging instrument is also subtracted from equity and reflected in the profit or loss statement.

The hedge effectiveness between the derivative instruments/transactions used for hedging and hedged item are measured regularly, and the results are documented. In case of ineffectiveness of hedge accounting, the hedge accounting is terminated.

While the Bank recognizes the fair value changes of the hedged items in the “Other Interest Income” and “Other Interest Expense” accounts, it recognizes the fair value changes of the hedging instruments related to the same period in the “Gains/Losses on Derivative Financial Instruments” account.

Additionally, the difference between the fair value and carrying value of the hedged items as of the application date of hedge accounting is amortized based on their maturities and recognized in “Other Interest Income” and “Other Interest Expense” accounts.

V. Explanations on Interest Income and Expenses

Interest income, when purchased or used according to the effective interest method specified in TFRS 9 (the ratio that equates to the present net value of the future cash flows of the financial asset or liability), credit-impaired financial assets and when purchased or granted, except for financial assets that are not credit-impaired financial assets but later become credit-impaired financial assets, is recognized by applying an effective interest rate to the gross book value of the financial asset. While applying the effective interest rate method, the Bank determines the fees that are an integral part of the effective interest rate of the financial instrument. Fees, which are an integral part of the effective interest rate of the financial instrument, are considered as adjustments to the effective interest rate, unless the financial instrument is measured at fair value through profit or loss. In such cases, these fees are recognized as income or expense during the initial recognition of the financial instrument.

The Bank, when applying the effective interest method, amortizes the fees, transaction costs and other premiums or discounts included in the calculation of the effective interest rate over the expected life of the financial instrument.

If there is an unpaid interest accrual prior to the acquisition of an interest-bearing security; subsequently collected interest is divided into pre-acquisition and post-acquisition periods and only the post-acquisition portion is reflected in the financial statements as interest income. If the expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the change is reflected in the carrying value of the asset and the related income statement item and amortized over the estimated life of the financial instrument.

Interest income and expenses are recorded on accrual basis. As the interest income and expense is accrued, all tax liabilities are fulfilled.

Accrued but not collected interests and discounts of loans, those classified as non-performing (Stage 3) are not reversed and included in interest income.

The interest amount representing the time value of the future collections of the non-performing loans is recognized under interest income and fully provisioned. The income effect arising from the discount of the estimates of expected collection as getting closer to the estimated date of collection, is recorded under interest income.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

VI. Explanations on Fees and Commission Income and Expenses

Fees and commissions other than integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted in accordance with the TFRS 15 Revenue from Contracts with Customers Standard.

Income on banking services which are not related to periodic services are recorded as income when they are collected. In order to classify the fees and commissions collected from customers as income on banking services or as other non-interest income, they shouldn't be related with a credit transaction.

All type of fees and commissions collected from customers regarding cash loans are deferred in commissions on cash loans account and are recognized as income over the period of the loan by discounting with effective interest rate.

For the Bank assurance services provided by the Bank commissions from insurance companies are recorded as income on accrual basis.

The commissions related with non-cash loans or periodic banking services, are deferred, and recorded as income over the period according to the cut-off principle. Credit fee and commission expenses which are paid to other companies and institutions regarding financial liabilities, and which create operational costs are discounted by effective interest rate and are recorded as expenses in the relevant period according to the cut-off principle.

VII. Explanations on Financial Assets

The Bank classifies and recognizes its financial assets as "Financial Assets at Fair Value through Profit or Loss", "Financial Assets Measured at Fair Value through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost". The financial assets are recognized or derecognized in accordance with the "Recognition and Derecognition" principles defined in Section 3 related to the classification and measurement of financial instruments of the "TFRS 9 Financial Instruments" standard published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority (POA). 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.

The Bank recognizes a financial asset in the financial statement when, and only when, the Bank becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the ("settlement date"). When the Bank first recognizes a financial asset, the business model, and the characteristics of contractual cash flows of the financial asset are considered by management.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to hold to collect and hold & sell the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates. Financial assets at fair value through profit or loss are initially recognized at fair value and are subsequently measured at fair value. Gain and losses upon their valuation are accounted under the profit/loss accounts.

Equity securities classified as financial assets at fair value through profit or loss are recognized at fair value.

As of 31 December 2021, the Bank has reviewed the valuation of financial assets at fair value through other comprehensive income due to the adverse effects of the COVID-19 outbreak and as of the reporting date, there is no change that would require an adjustment in the fair value measurement.

Accounting policies related to derivative financial instruments at fair value through profit or loss are explained in Section III. Footnote IV.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

VII. Explanations on Financial Assets (continued)

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 asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at fair value through other comprehensive income are recognized at acquisition costs that reflect their fair value by adding transaction costs. Financial assets at fair value through other comprehensive income are subsequently measured at their fair value. The interest income of financial assets at fair value through other comprehensive income that are calculated by effective interest rate method are reflected in the statement of profit or loss. The difference between the fair value of the financial assets at fair value through other comprehensive income and the amortized cost of the financial assets, i.e. "Unrealized gains and losses", is not recognized in the statement of profit or loss until the realization of the financial asset, the sale of the asset, the disposal of the asset or being impaired of the asset are accounted under "Other Accumulated Comprehensive Income or Expenses that will be reclassified at Profit or Loss" under shareholders' equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

The Bank may elect at initial recognition to irrevocably designate an equity investment at fair value other comprehensive income where those investments are hold for purposes other than to generate investments returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss. Dividends continue to be recognized in profit or loss in the financial statements.

All equity instruments classified as financial assets at fair value through other comprehensive income are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. In case of disposal of the equity investment, the accumulated total gain or loss is followed in the "Other Accumulated Comprehensive Income or Expense that cannot be reclassified to Profit or Loss".

As of 31 December 2021, the Bank has reviewed the valuation of equity instruments at fair value through other comprehensive income due to the adverse effects of the COVID-19 outbreak, and as of the reporting date, there is no change that would require an adjustment in the fair value measurement.

Financial Assets Measured at Amortized Cost

Financial investments measured at amortised cost:

A financial asset is classified as a financial asset measured at amortized cost when the Bank's policy within a business model is to hold the asset to collect contractual cash flows and the terms give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial asset measured at amortized cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at "Amortized cost" by using the "Effective interest (IRR) rate method". Interest income related to the financial asset measured at amortized cost is recognized in the statement of profit or loss.

Loans:

Loans are financial assets with fixed or determinable payment terms which are not traded on an active market and measured at amortized cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortized cost by using the "Effective interest (IRR) rate method".

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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VIII. Explanations on Impairment of Financial Assets

As of 1 January 2018, a loss allowance for expected credit losses is provided for all financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, all financial assets, which are not measured at fair value through profit or loss, loan commitments and financial guarantee contracts in accordance with TFRS 9 principles and 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. Equity instruments are not subject to impairment assessment as they are measured at fair value.

Measurement of the expected credit losses reflects:

- Time value of money
- Reasonable and supportable information on past events, current conditions, and forecasts of future economic conditions at the reporting date

The Bank has changed its credit calculation method with the expected credit loss model as of 1 January 2018. Expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions and the time value of money. The financial assets are divided into “3 stage categories” depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12 month expected credit losses.

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined based on the instrument’s lifetime expected credit losses. Following criterias have been taken into account in classification a financial asset as Stage 2:

- Loans having past due more than 30 days and less than 90 days
- Restructuring loans
- Concordatum events
- Significant deterioration in probability of default

In the case of the occurrence of any of the first three items above, it is classified under Stage 2 loans regardless of the comparison between probability of default.

Significant deterioration in probability of default is considered as significant increase in credit risk and the financial asset is classified under Stage 2 loans. In this regard, it is assumed that the probability of default deteriorates, if the probability of default exceeds the thresholds defined by the Bank’s internal rating-based credit rating models.

Stage 3:

Stage 3 includes financial assets that have objective evidence that they are impaired as of the reporting date. For these assets, lifetime expected credit losses are recorded. For the related financial assets, the probability of default is taken into account as 100%.

Expected Credit Loss Calculation

Expected credit loss calculation refers to the calculation to estimate the loss of the financial instrument in case of default and it is based on 3 stage impairment model based on the change in credit quality. The Bank uses two different calculations considering 12 month and lifetime probability of default of the financial instruments.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

VIII. Explanations on Impairment of Financial Assets (continued)

Expected Credit Loss Calculation (continued)

If there is a significant increase in credit risk between the origination date and the reporting date of the loan, the lifetime probability of default is used and if there is no significant increase in credit risk the 12-month probability of default is used.

There are mainly 3 loan portfolios as Commercial portfolios, Retail portfolios and Public portfolios.

While the Bank uses the internal credit ratings for commercial portfolios, the internal behavioural scores is used for the retail portfolios. It is determined significant increase in credit risk by comparing the credit ratings/behavioural scores at the origination date and reporting date for both portfolios.

Default Definition: Debts having past due more than 90 days; in addition, the fact 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 considers different scenarios in the calculation of expected credit loss by evaluating current economic conditions and expert opinions. Accordingly, the macroeconomic value estimates taken into account in the expected loss provision calculation are presented below.

	2021				2022				2023				2024				2025			
Period ^(*)	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
GDP	7.0	21.3	6.4	5.7	4.6	3.8	2.8	2.8	3.4	4.1	4.2	4.2	4.1	4.0	4.1	4.0	3.9	3.9	4.1	4.3

(*) It represents 3-month periods.

The Bank does not have any financial asset as purchased or originated credit impaired.

Probability of Default (PD): PD represents the likelihood of default over a specified time period. Based on the historical data, 1-year PD of a customer is calculated for each portfolio on the basis of credit ratings and behavioural scores. PDs and LGDs used in the ECL calculation are (point in time, PIT) based on key portfolios and consider both current conditions and expected cyclical changes. Two types of probability of default are calculated.

- 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 to measure the risk of both commercial and retail portfolios. The internal rating models used in the commercial portfolio include the customer’s financial information and the answers to the qualitative question set. Behavioural score cards used in the retail portfolio include the behavioural data of the customer and the product in the Bank, the demographic information of the customer and the behavioural data of the customer in the sector. The probability of default is calculated based on historical data, current conditions and forward-looking macroeconomic expectations.

Loss Given Default (LGD): If a loan defaults, it represents the economic loss incurred on the loan. It is expressed as a percentage.

The Bank calculates the recovery rates for each portfolio in a way that include the collateral types and several risk elements based on historical data, and it is ensured that the time value of money is included into the calculation by discounting of these recoveries to the reporting date. The collaterals in the calculation are taken into account by considering the credit conversion factors. The collaterals included in “Communique on Credit Risk Mitigation Techniques” is taken into account with their rules in the communique. The remaining part is considered as unsecured portfolio and loss given default rate determined for this portfolio is applied.

Exposure at Default (EAD): The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument. The expected default amount is calculated by discounting the principal and interest repayments for cash loans and income accruals by effective interest method while it refers to the value calculated through using credit conversion factors for non-cash loans and commitments. It shows the risk of the borrower at the date of default.

Effective interest rate: the discount factor which reflects the time value of money.

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VIII. Explanations on Impairment of Financial Assets (continued)

Expected Credit Loss Calculation (continued)

Lifetime ECL is calculated by taking into account the period during which the Bank will be exposed to credit risk. The maturity information defined for all cash and non-cash loans is used in the calculation of the expected credit loss along with their maturity and payment plans. The maturity refers to the contractual life of a financial instruments unless there is the legal right to call it earlier. The maturity analysis and credit risk mitigation processes such as cancellation/revision of the limits have been developed for the definition of behavioural maturity for loans that do not have maturity information and revolving loans.

When expected credit losses are estimated, it is considered that three different macroeconomic scenarios as “Base”, “Adverse” and “Favourable” and the weighted average of the results of these scenarios is taken into account. Forward-looking PDs based on the weighted average of these three scenarios are calculated on segment basis. The fundamental macroeconomic variable in the macroeconomic models is the estimated annual growth rate in gross national product. The Bank periodically reviews the parameters included in the calculation and updates them when necessary.

Expected Credit Loss Calculation of Stage 1 Loans: It is calculated by considering 12-month (1 year) PDs for the financial assets measured at amortized cost, which do not reflect a significant increase in credit risk. Therefore, it is a part of the lifetime expected credit losses. Such expected 12-month PDs are applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

In the case of the current default rate is below a defined threshold without comparison with the origination date, the related loans are classified under Stage 1 loans by considering their credit qualities. Treasury Bills, Government Bonds and CBRT balances are classified under Stage 1 Loans. In addition, the institutions related to risk group of the Bank and other banks’ placements are classified under Stage 1 Loans.

Expected Credit Loss Calculation of Stage 2 Loans: It is calculated by considering lifetime PDs for the loans which has shown a significant increase in credit risk since origination. Such expected lifetime PDs are applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

In determining of the significant increase in credit risk, qualitative and quantitative assessments are performed.

Qualitative assessments:

The loans with a delay on repayment more than 30 days are classified under Stage 2 loans. In addition, the restructured loans are classified under this stage. Also, all the customers declaring concordatum are classified under this stage.

Quantitative assessments:

“Significant increase in credit risk” is quantitatively based on the comparison the risk of default at the reporting date with the risk of default at the date of initial recognition. Where the change is above the defined threshold it is considered as significant increase in the credit risk, meaning that the credit is classified under Stage 2 Loans.

In the case of the internal credit rating of the loan is above a defined threshold, “high risk portfolio”, without comparison with the origination date, the related loans are classified under Stage 2 loans.

Expected Credit Loss Calculation of Stage 3 Loans: Lifetime expected credit losses are booked for the loans considered as impaired. When calculating the provisions by discounting the individual cash flow expectations for financial instruments which are above a defined threshold, loss given default rates are taken into account in case of default for financial instruments which are below the defined threshold.

IX. Explanations on Offsetting of Financial Assets and Liabilities

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

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

Treasury bills and government bonds within the scope of repurchase agreements are classified in financial statements as financial assets carried at amortized costs, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income according to the classification of marketable securities subject to repurchase agreement and are valued according to the measurement rules of the relevant category. Funds obtained through repurchase agreements are booked in a separate liability account, namely funds provided under repurchase agreements under money market balances.

Income and expenses arisen from these transactions are booked in “Interest Income on Marketable Securities Portfolio” and “Interest Expense on Money Market Borrowings” in income statement.

Securities purchased under repurchase agreements (“reverse repos”) are accounted under “Money Market Placements” in the balance sheet. The difference between the purchase and resell price of the repurchase agreements is accrued over the life of repurchase agreements. As of 31 December 2021, the Bank does not have any reverse repo transaction (31 December 2020: TL 3,679,810).

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

XI. Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets

Non-current assets held for sale consists of tangible assets acquired with regards to the non-performing loans and accounted in financial statements in accordance with “TFRS 5 Assets Held for Sale and Discontinued Operations”. An asset (or disposal group) classified as held for sale in accordance with TFRS 5 is measured at the lower of its carrying amount and fair value less costs to sell. For an asset to be held for sale, the asset (or disposal group) must be available for immediate sale under the conditions common and customary for the sale of such assets, and the sale must be highly probable. In order to have a high probability of sale; A plan for the sale of the asset must have been made by an appropriate level of management and an active program of identification of buyers and completion of the plan must have been initiated. In addition, the asset must be actively marketed at a price consistent with its fair value.

As of 31 December 2021, assets held for sale and discontinued operations of the Bank are TL 65,933 (31 December 2020: TL 112,859). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL 2,288 (31 December 2020: TL 5,330) has been reserved as provision for impairment losses.

As of 31 December 2021, the Bank has no discontinued operations.

XII. Explanations on Goodwill and Other Intangible Assets

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In the merger transaction where acquirer and acquiree exchange equity instruments, it is taken into account the fair value of equity shares exchanged and the difference between such amount and fair value of the acquiree’s identifiable net asset value is accounted as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements’ provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period shall not exceed one year from the acquisition date.

As explained in footnote 1 of Section 1, under the Banking Regulation and Supervision Agency decision dated 10 February 2011 and the release of decision in Official Gazette 12 February 2011 dated and numbered as 27844, all rights, receivables, (assets and liabilities) of Fortis Bank A.Ş. would be transferred to the Bank as stated in Istanbul Commerce Trade dated 14 February 2011.

Within the framework of TFRS 3 Business Combination, identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. In this context, the Bank has measured the identifiable assets acquired and the identifiable liabilities acquired in the date of the merger of Fortis Bank A.Ş. at fair value and presented in the financial statements as related items. The resulting difference of TL 48,783 is shown in related assets and liability section, the equity impact is shown under other shareholder’s equity section. The amount of TL 421,124, which is the difference between TL 2,385,482, the fair value of transferred amount and TL 1,964,358, the identifiable net asset value is accounted as goodwill in the financial statements and the equity impact is shown under other shareholder’s equity section.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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XII. Explanations on Goodwill and Other Intangible Assets (continued)

Goodwill arising on an acquisition of a business or a merger is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Bank's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets are accounted for at restated cost until 31 December 2004 in accordance with inflation accounting and are amortized with straight-line method, after 31 December 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and are amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The other intangible assets of the Bank comprise mainly software. The useful lives of such assets acquired are determined as 3-5 years by taking into consideration the expected utilization period, technical, technological or any other impairment and maintenance expenses necessary for the economic use of such assets. Software used are mainly developed within the Bank by the Bank's personnel and the related expenses are not capitalized.

There are no anticipated changes in the accounting estimates about the amortization rate and amortization method and residual values that would have a significant impact in the current and future periods.

XIII. Explanations on Tangible Fixed Assets

Tangible assets of the Bank are accounted for at their restated cost until 31 December 2004 and afterwards, the acquisition cost and any other cost incurred to prepare the asset ready for use are reflected, less reserve for impairment, if any.

Depreciation rates are defined according to the economic life of the relevant assets.

Depreciation is calculated using the straight-line method, without taking residual values into consideration, based on the number of months that the asset is used. No amendment has been made to the depreciation method in the current period. The economic useful lives of the tangible fixed assets are as follows:

Buildings	50 years
Furniture, Fixtures and Office Equipment and Others	5-15 years

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.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of the related asset. Other maintenance costs are expensed. Leasehold improvements amount is subject to depreciation during leasing period. This period is taken into consideration maximum five years. For the branches, this period is considered as three years in parallel with the Bank's business plans.

The Bank employs independent appraisers in determining the current fair values of its real estate's when there is any indication of impairment in value of real estates.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XIV. Explanations on Leasing Transactions

“TFRS 16 Leases” was promulgated in the Official Gazette dated 16 April 2018 and numbered 30393, effective from 1 January 2019. This Standard specifies the principles for the leasing, presentation and disclosure of leases. The purpose of the standard is to provide tenants and lessees with appropriate information and faithful representation. This information is the basis for evaluating the impact of the leases on the entity's financial position, financial performance and cash flows by users of financial statements. The Bank has started to apply the related standard for the first time on 1 January 2019 by reflecting the application effects to the equity accounts.

Lease obligations under the contract in the amount of liabilities on the balance sheet equal to the sum of all cash payments and offset with the form shown gross interest expense arising from the contract. The right of use arising from the leasing transactions, at the date of commencement, the present value of the lease payments which have not been paid at that date is measured. In this measurement, if the interest can be easily determined, the implied interest rate in the lease is used. If this ratio is not easily determined, the Bank's alternative borrowing interest rate announced by the Asset and Liability Management Department is used.

Public Oversight Authority (POA) made amendments in TFRS 16 “Leases” standard by publishing the Concessions Granted in Lease Payments Regarding COVID-19 - “amendments regarding TFRS 16 Leases” on 5 June 2020. With this amendment, exception is granted to lessee on the subject of not evaluating whether the privileges granted on lessees' lease payments due to COVID-19 are changes on leasing or not. The subjected changes did not have a significant impact on the Bank's financial position or performance.

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

XV. Explanations on Provisions and Contingent Liabilities

Provisions are provided for liabilities of uncertain timing or amount arising from past events have the probability to result in an expense or loss in the future and when it can be measured reliably.

Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation as of the balance sheet date and discounted to present value if material. Provisions and contingent liabilities, excluding specific and general provisions for loans and other receivables, are recognized in accordance with the Turkish Accounting Standards (TAS 37) regarding Provisions, Contingent Liabilities and Contingent Assets.

XVI. Explanations on Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized.

Contingent assets are disclosed in the financial statements' notes where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. In case it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

XVII. Explanations on Liabilities Regarding Employee Benefits

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 1 year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. 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. According to the Turkish Accounting Standard on Employee Benefits No. 19, the total benefit is calculated for employees who have completed one year of employment and whose working period has expired due to retirement, or who are left voluntarily or dismissed.

Since there is no obligation to allocate any funds in Turkey, no fund has been allocated for the benefit plans. The cost of the services rendered by the employees in the current or prior periods is calculated annually by independent actuaries within the framework of the defined benefit plan, using the liability method.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XVII. Explanations on Liabilities Regarding Employee Benefits (Continued)

Employees transferred to the Bank following the business combination defined in the Section One “General Information” of the Bank and Fortis Bank A.Ş. are the members of “Fortis Bank A.Ş. Mensupları Emekli Sandığı” (the “Pension Fund”) which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No: 506. Technical financial statements of the Pension Fund are audited by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the “Actuary Regulations” issued based on the same article. As of 31 December 2021, the Pension Fund has 1,414 employees and 1,238 pensioners (31 December 2020: 1,505 employees and 1,191 pensioners).

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

Following the publication of the said decree of the Constitutional Court, the Turkish Grand National Assembly (the “TGNA”) initiated its studies on the development of new regulations in regards to the transfer of bank pension participations to the SSI and the related articles of the Social Security Law that are set out to determine the basis of fund transfers and new regulations became effective with its publication in the Official Gazette No: 26870 on 8 May 2008 and the completion of the transfer within 3 years starting from 1 January 2008. Upon the Council of Ministers’ resolution issued in the Official Gazette, the transfer period has been extended for 2 years as of 14 March 2011. According to amendment on the social security and general health insurance law published in the Official Gazette dated 8 March 2012 numbered 6283, mentioned 2-year transfer period has been increased to 4 years. Upon the Council of Ministers’ resolution dated 24 February 2014 issued in the Official Gazette No: 28987 on 30 April 2014, mentioned transfer period has been extended for one more year while it has been extended for one year upon the Council of Ministers’ resolution dated 8 April 2013 issued in the Official Gazette No: 28636 on 3 May 2013. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published on the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, “Council of Ministers” is authorized to determine the date of transfer to the Social Security Institution has been replaced with “President”.

The technical financial statements of the Pension Fund are prepared by an independent actuary company considering related regulation and the Fund is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2021. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

Since the Bank management anticipates that any potential liability that may be incurred during or after the transfer within the above-mentioned limits will be likely recoverable by the assets of the Pension Fund, they believe such liabilities will not bring any additional liability to the Bank

XVIII. Explanations on Taxation

Corporate Tax

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated 21 September 2006, the corporate tax rate is 20% in Turkey. However, the corporate income tax rate has been applied as 22% for the 3 years between 2018-2020 regarding to the “Law on Amendment of Certain Tax Laws and Some Other Laws” numbered 7061 and published in the Official Gazette on 5 December 2017. With Article 11 of the Law No. 7316 on the Procedure for Collection of Public Claims and Amending Certain Laws, which was published in the Official Gazette dated 22 April 2021 and numbered 31462, and with the Provisional Article 13 added to the Corporate Tax Law No. 5520, the Corporate Tax rate will be applied as 25% for the corporate earnings of the 2021 taxation period and 23% for the corporate earnings of the 2022 taxation period. This change will be valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XVIII. Explanations on Taxation (Continued)

The tax legislation requires advance tax to be calculated and paid based on earnings generated for each quarter; the amounts thus calculated and paid are offset from the final tax computed over the earnings of the year. With the Tax Procedure Law No. 7338 published in the Official Gazette dated 26 October 2021 and numbered 31640, the 4th period provisional tax return to be implemented in 2022 was abolished. In the new application, a total of 3 temporary tax returns will be submitted in quarterly periods for the first 9 months of the year. On the other hand, corporate tax and any related taxes paid to foreign tax offices for the income obtained from foreign branches are taken into account in the Tax Statement according to Article 22 of the Prevention of Double Taxation Treaty signed between Northern Cyprus and the Turkish Republic.

50% portion of the gains derived from the sale of immovable (from 5 December 2017) which have been acquired due to loans under follow-up from the Bank and 75% portion of participation shares, founder’s shares, dividend shares and preemption rights is tax exempt. 75% portion of the capital gains derived from the sale of equity investments and 50% portion of the immovable properties held for at least two years are exempt from corporate taxation, providing that such gains are added to paid-in capital or held in a special fund account under liability for 5 years.

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.

Deferred Tax Asset/Liability

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.

As stated in the explanations regarding the Corporate Tax, the rates to be applied to the corporate earnings of the 2021 and 2022 taxation periods are determined as 25% and 23%, respectively. In the scope of TAS 12 Income Taxes standard, deferred tax assets or liabilities are calculated based on tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using tax rates expected to be applied in the periods when assets are converted into income or liabilities are paid. As of 31 December 2021, the Parent Bank evaluated its assets and liabilities according to their maturities, and deferred tax calculations were made according to the rate of 23% or 20% corresponding to the relevant maturities.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

Deferred tax asset is calculated over temporary differences arisen from expected credit loss provision in line with TFRS 9 principles from 1 January 2018.

Deferred tax income balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

XIX. 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.

XX. Explanations on Issued Equity Securities

There is no share issued in 2021.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XXI. Explanations on Bill Guarantees and Acceptances

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

XXII. Explanations on Government Incentives

There is no government incentive utilized by the Bank.

XXIII. Explanations on Reporting According to Segmentation

The operating segments of the Bank include retail and private banking, SME banking, corporate banking, treasury and asset-liability management.

Retail and private banking lines of the Bank provide consumer loans, personal financing, housing, workplace and vehicle loans for customer needs related to general consumption, purchase of durable goods, and real estate. The Bank also provides account products like Marifetli, Fırsat and CEPTETEB along with the standard time deposit products to enable advantageous savings in different currencies and maturities. In regard to investment needs for customers, retail and private banking offers brokerage services for treasury bill transactions, government bonds, Eurobonds, foreign exchange purchases/sales, a wide range of investment funds, private pension funds and equity securities transactions. It also provides practical account, credit deposit account, automatic bill/regular payment options, safe-deposit boxes and insurance services beside credit and debit cards offering advantages in shopping and banking transactions. These products and services are provided to customers through widespread physical branches and ATM network and also via a 24/7 call center, internet and mobile banking.

Corporate banking provides financial solutions and banking services to large-scale local firms, holdings and their group companies, and multinational companies operating in Turkey. In addition to the bank deposit services provided to corporate customers, corporate banking also develops tailored solutions and products for standard cash and non-cash loans, investment loans, cash management services in line with customer needs and demands and foreign trade financing. Foreign exchange purchase and sale transactions, corporate financing services, derivative products and solutions to manage foreign exchange and interest rate risk and commodity financing are other services provided by the Bank. The Bank provides these services and products for its corporate customers via teams, located in its corporate branches and Head Office, who are specialized in foreign trade, cash management, structured finance and multinational companies. It also benefits from the global business network and expertise of BNP Paribas Group.

SME banking provides small and medium-sized enterprises with financial solutions and exclusive services for non-financial matters. The Bank, which specifically designed its services for different segments in the field of SME Banking,

has developed solutions that are tailored to the needs of these segments. In addition to solutions developed for small and medium-sized enterprises, solutions were developed for agricultural producers, jewellers, female leaders and entrepreneurship segments and for SME banking, enterprise banking, agriculture banking, gold banking, women's banking and entrepreneurship banking. These solutions are provided on a larger scale based on the types of financial problems encountered by customers, and they are supported in non-financial matters via offering access to information, training and networks. At this point, the Bank does not only provide financial support to the SMEs but also provides the training and expertise they need to grow their business, strengthen their competitiveness and use their financing properly.

When determining the short, medium and long-term pricing strategy, Asset-Liability Management and the Treasury Group also manage the maturity mismatch, by adopting a principle foreseeing to work with a positive balance sheet margin. Spot and forward TL and foreign exchange purchase-sale transactions, treasury bill, government bond, and Eurobond purchase-sale transactions, and derivative product purchase/sale transactions are carried out under defined authorizations. The Bank also carries out activities related to providing medium and long-term funding, enabling funding at a price below the price reflecting the country risk price, diversifying funding resources, and creating an international investor base in this field.

The Financial Markets Group provides structured financial solutions to hedge foreign exchange/interest rate risks of customers and provides the most appropriate price for the market instruments offered to customers by monitoring market conditions.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XXIII. Explanations on Reporting According to Segmentation (continued)

The details of the income statement and the balance sheet which the Bank operates as a business line:

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Dividend Income	-	-	-	6,436	6,436
Profit Before Tax	692,663	638,564	337,316	829,983	2,498,526
Tax Provision (-)	-	-	-	585,628	585,628
Net Profit for the Period	692,663	638,564	337,316	244,355	1,912,898

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Segment Assets	36,799,694	42,523,918	23,996,403	90,620,966	193,940,981
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	116,041	116,041
Total Assets	36,799,694	42,523,918	23,996,403	90,737,007	194,057,022

Segment Liabilities	84,801,710	32,564,690	14,272,783	48,800,020	180,439,203
Shareholders' Equity	-	-	-	13,617,819	13,617,819
Total Liabilities	84,801,710	32,564,690	14,272,783	62,417,839	194,057,022

Prior Period (31.12.2020)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Dividend Income	-	-	-	31,334	31,334
Profit Before Tax	261,391	318,969	88,170	881,190	1,549,720
Tax Provision (-)	-	-	-	372,406	372,406
Net Profit for the Period	261,391	318,969	88,170	508,784	1,177,314

Prior Period (31.12.2020)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Total
Segment Assets	29,454,535	30,864,545	17,917,969	61,694,952	139,932,001
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	116,041	116,041
Total Assets	29,454,535	30,864,545	17,917,969	61,810,993	140,048,042

Segment Liabilities	57,220,832	28,190,237	8,208,073	35,019,049	128,638,191
Shareholders' Equity	-	-	-	11,409,851	11,409,851
Total Liabilities	57,220,832	28,190,237	8,208,073	46,428,900	140,048,042

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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XXIV. Explanations on Other Matters

It has been resolved in the Ordinary General Assembly dated 26 March 2021 of the Bank, TL 1,177,314 that constitutes the 2020 net balance sheet profit shall be transferred to the Extraordinary Reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL 58,866 as Legal Reserves, TL 935 as Special Reserves, TL 0.96 (full TL) as profit distributed to the holders of the founder jouissance certificates.

XXV. Reclassifications

In order to comply with the presentation of the financial statements dated 31 December 2021, some classifications were made on the statement of income and statement of cash flows dated 31 December 2020. The related classification has no impact on the Bank's performance.

In order to comply with the Bank's financial position as of 31 December 2021 prepared in accordance with the Uniform Chart of Accounts published on 1 January 2021, a reclassification was performed for the collateral amounts given over the derivative transactions made with foreign banks between cash and cash equivalents and other assets lines as of 31 December 2020 amounting to TL 1,332,737. The effects of this classification on the cash flow statement have also been updated. Collaterals in foreign non-bank institutions are continued to be recorded under other assets line. These mentioned classifications did not have any impact on the asset size and performance of the Bank's statement of financial position.

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Components 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" and in addition to these, it has been calculated according to the BRSA's regulations dated 8 December 2020 and numbered 9312 and 16 April 2020 dated and 3984 numbered, 17 June 2021 dated and 9624 numbered and 21 December 2021 dated and 9996 numbered regulations. According to the latest regulation changes;

In the calculation of the amount subject to credit risk; while calculating the valued amounts in foreign currency, the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the reporting date is used.

In accordance with the Standard Approach, 0% risk weight is used in the calculation of the amount subject to credit risk for FX receivables of Banks which are from Republic of Turkey Central Management within the scope of Regulation on Measurement and Assessment of Capital Adequacy of Banks published on the Official Gazette dated 23 October 2015 and numbered 29511.

In accordance with the Board Decision dated 1 July 2021 and numbered 9645, the risk weights of individual credit cards and consumer loans were changed. In consumer loans extended after the decision was taken, the risk weight was applied 100% instead of 75% for those with a remaining maturity of 1-12 months, and 150% instead of 75% for those with more than 1 year. Likewise, after the date of the decision, in individual credit cards; the risk weight was applied to 100% instead of 75% for those with 1-6 months to maturity, and 150% instead of 75% for those with 6 months or more.

In accordance with the Board decision dated 21 December 2021 and numbered 9996, in case the net valuation differences of the financial assets in the portfolio of "Securities at Fair Value through Other Comprehensive Income" as of the decision date are negative, these differences have been calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013 and numbered 28756 and have not been taken into account in the amount of equity to be used for the capital adequacy ratio.

The Bank's current period equity amount calculated as of 31 December 2021 is TL 21,405,622 (31 December 2020: TL 16,429,056) and Capital Adequacy Ratio is 18.05% (31 December 2020: 18.51%). The Bank's capital adequacy standard ratio is above the minimum ratio determined by the relevant legislation. Credit risk "standard approach" for banking accounts, market risk "standard method" for trading accounts, counterparty credit risk "fair value valuation method" for derivatives and repo transactions, credit valuation adjustment capital load "standard method" for over-the-counter derivative transactions method and operational risk were calculated using the "basic indicator method".

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations Related to Components of Shareholders' Equity (continued)

Information related to the Components of Shareholders' Equity:

	Current Period 31.12.2021	Prior Period 31.12.2020
Common Equity Tier 1 Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	2,404,652
Share Premium	2,565	2,565
Reserves	9,277,740	8,293,298
Gains Recognized in Equity as per TAS	4,611	63,530
Profit	1,912,898	1,186,811
Current Period Profit	1,912,898	1,177,314
Prior Period Profit	-	9,497
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	527
Common Equity Tier 1 Capital Before Deductions	13,602,466	11,951,383
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses Not Covered by Reserves, and Losses Accounted under Equity according to TAS	-	23,436
Leasehold Improvements on Operational Leases	35,683	38,025
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	166,241	131,757
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	-
Net amount of defined-benefit plan assets	-	-
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	-
Excess amount expressed in the law (Article 56 4 th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long 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 long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2 nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier 1 Capital	623,048	614,342
Total Common Equity Tier 1 Capital	12,979,418	11,337,041

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations Related to Components of Shareholders' Equity (continued)

Information related to the Components of Shareholders' Equity: (continued)

	Current Period 31.12.2021	Prior Period 31.12.2020
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier 1 Capital before deductions	-	-
Deductions from Additional Tier 1 Capital		
Bank's direct or indirect investment on its own Tier 1 Capital	-	-
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with 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 Common Equity Tier 1 Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued		
Share Capital	-	-
Other Items Determined by BRSA	-	-
Items to be deducted from Tier I 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 Bank Capital (-)	-	-
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 Bank Capital (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 Capital	-	-
Total Additional Tier 1 Capital	-	-
Total Tier 1 Capital (Tier 1 Capital=Common Equity + Additional Tier 1 Capital)	12,979,418	11,337,041
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	7,140,542	4,137,063
Bank's borrowing instruments and related issuance premium (in the scope of temporary Article 4)	-	-
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	1,313,195	959,538
Tier 2 Capital Before Deductions	8,453,737	5,096,601
Deductions from Tier 2 Capital		
Bank's direct or indirect investment on its own Tier 2 Capital (-)	-	-
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with 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 Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-
Other Items Determined by BRSA (-)	-	-
Total Deductions from Tier 2 Capital	-	-
Total Tier 2 Capital	8,453,737	5,096,601
Total Capital (The sum of Tier 1 and Tier 2 Capital)	21,433,155	16,433,642

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations Related to Components of Shareholders' Equity (continued)

Information related to the Components of Shareholders' Equity: (continued)

	Current Period 31.12.2021	Prior Period 31.12.2020
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	3,823	1,046
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	-	-
Other items to be defined by the BRSA (-)	23,710	3,540
Items to be deducted from the sum of Tier I and Tier II Capital ("Capital") during the Transition Period		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1 st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1 st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1 st and 2 nd Paragraph of the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL		
Total Capital	21,405,622	16,429,056
Total Risk Weighted Assets	118,566,659	88,762,236
Capital Adequacy Ratios		
Common Equity Tier 1 Capital Adequacy Ratio (%)	10.95	12.77
Tier 1 Capital Adequacy Ratio (%)	10.95	12.77
Capital Adequacy Ratio (%)	18.05	18.51
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%)	2.50	2.50
a) Capital conservation buffer requirement (%)	2.50	2.50
b) Bank specific counter-cyclical buffer requirement (%)	-	-
c) Systemic significant bank buffer ratio (%)	-	-
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 (%)	2.44	4.27
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	301,971	182,843
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	133,323	632,912
Limits related to provisions considered in Tier 2 Calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2,117,698	1,996,558
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used ^(*)	1,313,195	959,538
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	88,574	177,147

^(*) The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9 has been deducted.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations Related to Components of Shareholders' Equity (continued)

Information related to the Components of Shareholders' Equity: (continued)

	T	T-1	T-2	T-3	T-4
CAPITAL ITEMS					
Common Equity Tier 1 Capital	12,979,418	12,142,151	11,656,238	11,131,604	11,337,041
Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a)	12,890,844	12,053,577	11,567,664	11,043,030	11,159,894
Tier 1 Capital	12,979,418	12,142,151	11,656,238	11,131,604	11,337,041
Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b)	12,890,844	12,053,577	11,567,664	11,043,030	11,159,894
Capital	21,405,622	18,058,545	17,430,245	16,602,890	16,429,056
Capital where the transition impact of TFRS 9 has not been applied (c)	21,317,048	17,969,971	17,341,671	16,514,316	16,251,909
TOTAL RISK WEIGHTED ASSETS					
Total Risk Weighted Assets	118,566,659	106,164,148	96,152,637	92,314,341	88,762,236
CAPITAL ADEQUACY RATIOS					
Common Equity Tier 1 Capital Adequacy Ratio (%)	10.95	11.44	12.12	12.06	12.77
Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (d)	10.87	11.35	12.03	11.96	12.57
Tier 1 Capital Adequacy Ratio (%)	10.95	11.44	12.12	12.06	12.77
Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS9 has not been applied (d)	10.87	11.35	12.03	11.96	12.57
Capital Adequacy Ratio (%)	18.05	17.01	18.13	17.99	18.51
Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (d)	17.98	16.93	18.04	17.89	18.31
LEVERAGE RATIO					
Leverage Ratio Total Risk Amount	263,108,120	204,766,755	190,468,375	183,350,920	183,587,494
Leverage Ratio	4.86%	5.93%	6.12%	5.97%	6.11%
FTA not Applied Leverage Ratio (e)	4.82%	5.89%	6.07%	5.92%	6.01%

Basic information for the TFRS 9 transition process

a: Common equity Tier 1 capital if Temporary Article 5 of the Regulation on equities of banks has not applied.

b: Tier 1 capital if Temporary Article 5 of the Regulation on equities of banks has not applied.

c: Total capital if Temporary Article 5 of the Regulation on equities of banks has not applied.

d: Capital adequacy ratios calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.

e: The leverage ratio calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations Related to Components of Shareholders' Equity (continued)

Explanations on Reconciliation of Capital Items to Balance Sheet:

Total Capital per Balance Sheet	13,617,819
Hedging Funds (effective portion)	(292,798)
Deductions Made Under Regulation	(633,813)
Transition Impact of TFRS 9 (Temporary 5 th Article)	88,574
Accumulated revaluation and/or classification on gains/losses of financial assets with fair value through comprehensive income	199,636
Common Equity Tier 1 Capital	12,979,418
Additional Tier 1 Capital	-
Tier 1 Capital	12,979,418
General Provisions (Stage 1 and 2)	1,313,195
Bank's Borrowing Instruments	7,140,542
Deductions Made Under Regulation	(27,533)
Total Equity	21,405,622

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations Related to Components of Shareholders’ Equity (continued)

Information related to debt instruments included in equity calculation

All of the debt instruments included in equity calculation are issued by the Bank.

Issuer	TEB	TEB	TEB	TEB
Unique identifier of the debt instrument (e.g., CUSIP, ISIN)	XS0700889081	XS0808626013	XS0780562665	XS0947781315
Governing law(s) of the debt instrument	Turkey	Turkey	Turkey	Turkey
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated/consolidated/consolidated and unconsolidated	Available	Available	Available	Available
Type of the debt instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	2,812.0	1,518.8	911.2	1,898.5
Par value of debt instrument (TL Currency in mil)	2,812.0	1,518.8	911.2	1,898.5
Accounting classification of the debt instrument	34701100	34701100	34701100	34701100
Original date of issuance	5.11.2018	22.07.2019	14.05.2019	27.06.2018
Perpetual or dated (Demand/Time)	Time	Time	Time	Time
Original maturity date	5.11.2028	22.07.2029	14.05.2029	27.06.2028
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	5.11.2023	22.07.2024	14.05.2024	27.06.2023
Subsequent call dates, if applicable	-	-	-	-
Coupons/dividends				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Floating
Coupon rate and any related index	10.40%	6mEuribor+7.10%	6mEuribor+7.10%	6mEuribor+5.10%
Existence of a dividend stopper	None	None	None	None
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	None	None	None	None
Noncumulative or cumulative	None	None	None	None
Convertible or non-convertible				
If convertible, conversion trigger(s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to the debt instrument)	deposit and other receivables	deposit and other receivables	deposit and other receivables	deposit and other receivables
Whether conditions which stands in Article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Possess	Possess
According to Article 7 and 8 of Banks’ shareholders equity law that are not possessed ^(*)	-	-	-	-

(*) Under Article 8/2 in subsection (ğ) mechanism of write-down or conversion to common shares are stated.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations Related to Credit Risk

Credit risk is the risk and financial loss that the Bank is a party in a contract whereby the counterparty fails to meet its obligation and causes to incur a financial loss.

The credit allocation is performed on a debtor and a debtor group basis within the limits. 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.

The credit risks and limits related to treasury activities, 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.

As prescribed in the Communiqué numbered 29750 dated 22 June 2016 on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Most of the statements of accounts for the loans are derived 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. 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.

A restructuring is defined as the privilege due to the borrower’s encountered or likely to encountered financial difficulties. The privileges granted to the borrower assumed to be in financial difficulty are;

- A change in the terms and conditions of the loan or
- Partially or completely refinancing of the loan in favour of the debtor.

In order to be subject to restructuring, the firm must be confronted with the difficulty of payment. The difficulty should be supported by concrete developments or findings. Each restructuring request is evaluated on transaction basis by the authorized credit allocation unit according to the activity of the firm, the income generation structure by the sectoral operation.

Restructuring of the loans supported by Credit Guarantee Fund (“CGF loans”) is evaluated in accordance with the current legislation. The principles regarding to restructuring of Treasury-Back CGF loans in the scope of 11 October 2018 dated Presidential Decree are taken into account.

Non-required delay time loans that is not classified as Stage III Loans defined in “Regulation on Procedures and Principles for Classification of Loans And Provisions to be Set Aside” published in the Official Gazette numbered 29750 dated 22 June 2016, amended by the regulation published in the Official Gazette dated 14 December 2016 and numbered 29918, whose principal and interest payment collection delayed more than 30 days are considered as “past-due loan” in the Accounting Practice; group III, IV and V loans defined in the mentioned communiqué are considered as “impaired receivables” without considering refinancing or addition of the accrued interest and quasi-interest principal amount.

The Bank provides specific reserves to Group III, IV and V loans in accordance with “Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside”.

With the BRSA’s decision numbered 9996 dated 21 December 2021, the simple arithmetic average of the Central Bank’s foreign exchange buying rates of the last 252 business days before the reporting date was used while calculating the valued amounts in foreign currency.

In accordance with the Standard Approach, 0% risk weight is used in the calculation of the amount subject to credit risk for FX receivables of Banks which are from Republic of Turkey Central Management within the scope of Regulation on Measurement and Assessment of Capital Adequacy of Banks published on the Official Gazette dated 23 October 2015 and numbered 29511.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations Related to Credit Risk (continued)

Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types for the relevant period:

Risk Classifications	Current Period Risk Amount ^(*)	Average Risk Amount ^(*,*)
Conditional and unconditional receivables from central governments or central banks	46,876,062	39,581,926
Conditional and unconditional receivables from regional or local governments	1,178,539	1,191,209
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	14,471,250	10,270,503
Conditional and unconditional corporate receivables	51,862,921	47,127,882
Conditional and unconditional retail receivables	49,621,157	42,126,863
Conditional and unconditional secured mortgage receivables	10,889,337	11,339,276
Past due receivables	1,092,582	1,128,684
Receivables defined in high-risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	6,859,222	5,446,550
Investments in equities	233,551	206,377

(*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

(**) Average risk amount is calculated by taking the arithmetic average of balances on quarterly prepared to the end of the month.

Risk Classifications	Current Period Risk Amount ^(*)	Average Risk Amount ^(*,*)
Conditional and unconditional receivables from central governments or central banks	35,611,406	30,378,860
Conditional and unconditional receivables from regional or local governments	1,198,712	1,191,770
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	9,619,818	8,412,497
Conditional and unconditional corporate receivables	42,602,286	41,606,407
Conditional and unconditional retail receivables	35,852,357	35,305,146
Conditional and unconditional secured mortgage receivables	10,955,985	11,567,659
Past due receivables	1,277,011	1,611,860
Receivables defined in high-risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	3,543,873	4,011,263
Investments in equities	167,257	144,178

(*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

(**) Average risk amount is calculated by taking the arithmetic average of balances prepared to the end of the month.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations Related to Credit Risk (continued)

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

The fulfillment of the benefits and proceeds related to forward transactions can be realized at maturity. However, in order to minimize the risk, back-to-back positions of existing risks are entered into the market due to necessity.

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

Since the loans and other receivables, which are restructured from loans and rescheduled, are not material to the financial statements, no additional follow up methodology is developed, except as stated in the regulations.

Financial institutions abroad and country risks of the Bank are generally taken for the financial institutions and countries that are rated at investment level by international rating agencies which do not have the risk of failing to meet minimum obligations. Therefore, the probable risks are considered to be not material to the financial structure of the Bank.

The Bank does not have a material credit risk concentration as an active participant in the international banking market when the financial operations of the other financial institutions are concerned.

As of 31 December 2021, the receivables of the Bank from its top 100 and top 200 cash loan share in total cash loans are respectively 26.19% and 34.60% (31 December 2020: 25.96% and 33.84%).

As of 31 December 2021, the receivables of the Bank from its top 100 and top 200 non-cash loan share are 76.05% and 85.98% respectively in the total non-cash loans (31 December 2020: 72.30% and 83.41%).

As of 31 December 2021, the share of cash and non-cash receivables of the Bank from its top 100 and top 200 loan customers in total balance sheet and off-balance sheet assets is 9.43% and 12.27%, respectively (31 December 2020: 10.49% and 14.01%).

As of 31 December 2021, the general loan loss provision related with the credit risk taken by the Bank is TL 2,117,698 (31 December 2020: TL 1,996,558).

Credit Rating System

Credit risk is evaluated according to the internal rating system of the Bank, which is linked to the rating scale, and loans are classified from the best rating to the lowest rating according to the probability of default. As of 31 December 2021, Retail, Business and Agricultural Banking loans are excluded from the internal rating system of the Bank and these loans constitute 27.12% of the total cash and non-cash loan portfolio (31 December 2020: 29.70%). Application and behavioral scorecards are used for the Individual and Business segments, however behavioral scorecard is used for the Agricultural segment.

The risks that are subject to rating models can be allocated as follows:

Category	Description of Category	Share in the Total % 31.12.2021	Share in the Total % 31.12.2020
1 st Category	The borrower has a very strong financial structure	53.82	47.06
2 nd Category	The borrower has a good financial structure	21.35	25.30
3 rd Category	The borrower has an intermediate level of financial structure	19.12	20.35
4 th Category	The financial structure of the borrower must be closely monitored in the medium term	5.71	7.29
Total		100.00	100.00

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations Related to Credit Risk (continued)

Profile of significant exposures in major regions:

	Exposure Categories ^(****)									Exposure Categories ^(****)									
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures		Conditional and unconditional exposures secured by real estate property	Past due items	Receivables in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	Total
Current Period																			
Domestic	116,446	587,178	-	-	-	2,204,547	36,309,208	40,053,206		5,646,401	858,578	-	-	-	-	-	1,432,310	233,551	87,441,425
European Union (EU) Countries	-	-	-	-	-	392,812	247	9,054		1,983	1,197	-	-	-	-	-	145	-	405,438
OECD Countries ^(*)	-	-	-	-	-	323,260	-	1,267		80	5	-	-	-	-	-	418	-	325,030
Off-Shore Banking Regions	-	-	-	-	-	11	-	43		-	-	-	-	-	-	-	-	-	54
USA, Canada	-	-	-	-	-	434,765	-	1,527		128	61	-	-	-	-	-	-	-	436,481
Other Countries	769,948	-	-	-	-	34,560	168,345	114,487		51,819	16,722	-	-	-	-	-	12,281	-	1,168,162
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	116,041	-	116,041
Unallocated Assets/Liabilities ^(**)	-	2,095	-	-	-	964,871	13,304,896	3,316,185		331,646	72,500	-	-	-	-	-	2,902	-	17,995,095
Total	886,394	589,273	-	-	-	4,354,826	49,782,696	43,495,769		6,032,057	949,063	-	-	-	-	-	1,564,097	233,551	107,887,726

^(*) Includes OECD countries other than EU countries, USA and Canada.^(**) Includes assets and liability items that cannot be allocated on a consistent basis.^(***) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations Related to Credit Risk (continued)

Profile of significant exposures in major regions: (continued)

	Exposure Categories ^(****)									Exposure Categories ^(****)									
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures		Conditional and unconditional exposures secured by real estate property	Past due items	Receivables in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	Total
Prior Period																			
Domestic	70,174	598,426	-	-	-	1,690,830	30,670,286	24,561,633		5,455,931	1,075,347	-	-	-	-	-	1,408,316	167,257	65,698,200
European Union (EU) Countries	-	-	-	-	-	376,546	32	7,411		2,445	1,202	-	-	-	-	-	-	-	387,636
OECD Countries ^(*)	-	-	-	-	-	29,410	-	769		278	-	-	-	-	-	-	397	-	30,854
Off-Shore Banking Regions	-	-	-	-	-	8	-	53		-	-	-	-	-	-	-	-	-	61
USA, Canada	-	-	-	-	-	195,970	-	803		311	27	-	-	-	-	-	-	-	197,111
Other Countries	389,970	-	-	-	-	15,929	217,627	107,410		23,187	7,766	-	-	-	-	-	432	-	762,321
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	116,041	-	116,041
Unallocated Assets/Liabilities ^(**)	-	935	-	-	-	561,081	10,616,055	2,208,847		424,647	90,173	-	-	-	-	-	2,889	-	13,904,627
Total	460,144	599,361	-	-	-	2,869,774	41,504,000	26,886,926		5,906,799	1,174,515	-	-	-	-	-	1,528,075	167,257	81,096,851

^(*) Includes OECD countries other than EU countries, USA and Canada.^(**) Includes assets and liability items that cannot be allocated on a consistent basis.^(****) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations Related to Credit Risk (continued)

Risk profile by Sectors or Counterparties:

	Exposure Categories ^(*)								Exposure Categories ^(*)											
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	TL ^(*)	FC	Total
Current Period																				
Agriculture	-	-	-	-	-	-	360,600	534,288	204,240	64,865	-	-	-	-	-	-	-	984,356	179,637	1,163,993
Farming and Stockbreeding	-	-	-	-	-	-	354,485	526,440	203,945	64,408	-	-	-	-	-	-	-	971,858	177,420	1,149,278
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	6,115	7,848	295	457	-	-	-	-	-	-	-	12,498	2,217	14,715
Manufacturing	-	-	-	-	-	-	32,549,138	7,192,204	2,096,117	240,097	-	-	-	-	-	-	-	23,265,887	18,811,669	42,077,556
Mining and Quarrying	-	-	-	-	-	-	1,717,910	299,214	65,757	9,890	-	-	-	-	-	-	-	1,335,640	757,131	2,092,771
Production	-	-	-	-	-	-	29,051,517	6,859,174	1,761,171	225,924	-	-	-	-	-	-	-	20,750,995	17,146,791	37,897,786
Electricity, Gas and Water	-	-	-	-	-	-	1,779,711	33,816	269,189	4,283	-	-	-	-	-	-	-	1,179,252	907,747	2,086,999
Construction	-	-	-	-	-	-	3,038,191	832,160	173,420	201,763	-	-	-	-	-	1	-	1,983,404	2,262,131	4,245,535
Services	886,394	589,273	-	-	-	4,354,826	13,495,959	7,557,452	2,516,744	366,622	-	-	-	-	-	1,563,853	233,551	19,737,422	11,827,252	31,564,674
Wholesale and Retail Trade	-	18,864	-	-	-	-	5,060,756	3,866,784	915,604	148,828	-	-	-	-	-	15	-	8,024,839	1,986,012	10,010,851
Accommodation and Dining	-	-	-	-	-	-	791,295	488,028	694,662	52,424	-	-	-	-	-	2	-	900,791	1,125,620	2,026,411
Transportation and Telecom.	-	-	-	-	-	-	2,080,440	1,595,598	349,400	52,086	-	-	-	-	-	20	-	2,819,707	1,257,837	4,077,544
Financial Institutions	886,394	-	-	-	-	4,354,826	2,032,812	84,890	94,748	5,120	-	-	-	-	-	1,563,577	233,551	4,648,845	4,607,073	9,255,918
Real Estate and Rental Services	-	-	-	-	-	-	2,799,445	1,050,457	352,517	88,026	-	-	-	-	-	155	-	1,967,799	2,322,801	4,290,600
Self-Employment Services	-	-	-	-	-	-	692,050	424,839	107,831	12,280	-	-	-	-	-	-	-	709,360	527,640	1,237,000
Educational Services	-	-	-	-	-	-	6,242	42,307	1,699	7,842	-	-	-	-	-	45	-	57,938	197	58,135
Health and Social Services	-	570,409	-	-	-	-	32,919	4,549	283	16	-	-	-	-	-	39	-	608,143	72	608,215
Other	-	-	-	-	-	-	338,808	27,379,665	1,041,536	75,716	-	-	-	-	-	243	-	28,532,210	303,758	28,835,968
Total	886,394	589,273	-	-	-	4,354,826	49,782,696	43,495,769	6,032,057	949,063	-	-	-	-	-	1,564,097	233,551	74,503,279	33,384,447	107,887,726

^(*) Foreign Currency indexed credits are shown in TL column.^(**) Risk amounts after conversion rate to credit are given before credit risk mitigation.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations Related to Credit Risk (continued)

Risk profile by Sectors or Counterparties: (continued)

Prior Period	Exposure Categories ^(*)									Exposure Categories ^(**)										
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organizations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitized Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	TL ^(*)	FC	Total
Agriculture	-	-	-	-	-	-	447,234	438,967	158,476	112,583	-	-	-	-	-	-	-	1,089,467	67,793	1,157,260
Farming and Stockbreeding	-	-	-	-	-	-	443,548	431,691	157,781	111,728	-	-	-	-	-	-	-	1,078,011	66,737	1,144,748
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	3,686	7,276	695	855	-	-	-	-	-	-	-	11,456	1,056	12,512
Manufacturing	-	-	-	-	-	-	24,855,202	4,902,058	1,764,334	330,290	-	-	-	-	-	6	-	22,480,233	9,371,657	31,851,890
Mining and Quarrying	-	-	-	-	-	-	1,572,126	202,080	81,468	21,774	-	-	-	-	-	3	-	1,631,846	245,605	1,877,451
Production	-	-	-	-	-	-	21,870,372	4,671,776	1,504,491	291,654	-	-	-	-	-	3	-	19,767,297	8,570,999	28,338,296
Electricity, Gas and Water	-	-	-	-	-	-	1,412,704	28,202	178,375	16,862	-	-	-	-	-	-	-	1,081,090	555,053	1,636,143
Construction	-	-	-	-	-	-	2,477,189	577,174	262,209	184,251	-	-	-	-	-	-	-	1,914,318	1,586,505	3,500,823
Services	460,144	599,361	-	-	-	2,869,774	13,549,136	5,097,399	2,431,352	481,209	-	-	-	-	-	1,527,426	166,544	19,101,076	8,081,269	27,182,345
Wholesale and Retail Trade	-	-	-	-	-	-	5,745,415	2,529,212	767,050	210,204	-	-	-	-	-	86	-	7,539,410	1,712,557	9,251,967
Accommodation and Dining	-	-	-	-	-	-	457,286	389,829	827,844	56,062	-	-	-	-	-	-	-	939,128	791,893	1,731,021
Transportation and Telecom.	-	-	-	-	-	-	1,784,563	1,020,382	345,067	70,347	-	-	-	-	-	98	-	2,585,391	635,066	3,220,457
Financial Institutions	460,144	-	-	-	-	2,869,774	1,947,044	52,674	100,912	5,769	-	-	-	-	-	1,526,985	166,544	3,902,825	3,227,021	7,129,846
Real Estate and Rental Services	-	-	-	-	-	-	3,004,184	759,125	308,164	101,740	-	-	-	-	-	246	-	2,646,475	1,526,984	4,173,459
Self-Employment Services	-	-	-	-	-	-	411,191	305,939	79,234	24,662	-	-	-	-	-	3	-	633,765	187,264	821,029
Educational Services	-	-	-	-	-	-	27,088	33,188	2,825	12,394	-	-	-	-	-	4	-	75,373	126	75,499
Health and Social Services	-	599,361	-	-	-	-	172,365	7,050	256	31	-	-	-	-	-	4	-	778,709	358	779,067
Other	-	-	-	-	-	-	175,239	15,871,328	1,290,428	66,182	-	-	-	-	-	643	713	17,299,890	104,643	17,404,533
Total	460,144	599,361	-	-	-	2,869,774	41,504,000	26,886,926	5,906,799	1,174,515	-	-	-	-	-	1,528,075	167,257	61,884,984	19,211,867	81,096,851

^(*) Foreign Currency indexed credits are shown in TL column.^(**) Risk amounts after conversion rate to credit are given before credit risk mitigation.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations Related to Credit Risk (continued)

Analysis of maturity-bearing exposures according to remaining maturities:

Current Period	Term to Maturity				
Exposure classifications	1 Month	1-3 Months	3-6 Months	6-12 Months	Over a Year
Conditional and unconditional exposures to central governments or central banks	886,394	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	688	5,527	8,645	44,394	527,873
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	2,100,781	110,798	526,541	74,515	25,368
Conditional and unconditional exposures to corporates	3,734,787	5,849,527	6,184,435	12,119,485	8,582,615
Conditional and unconditional retail exposures	7,615,661	1,566,326	2,507,550	5,258,143	23,225,464
Conditional and unconditional exposures secured by real estate property	321,453	286,254	456,215	896,743	3,739,373
Past due receivables	-	-	-	-	-
Receivables defined in high-risk category by BRSA	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	14,967	-	-	-	-
Investment in equities	225,155	-	-	8,396	-
Total	14,899,886	7,818,432	9,683,386	18,401,676	36,100,693

Prior Period	Term to Maturity				
Exposure classifications	1 Month	Exposure classifications	1 Month	Exposure classifications	1 Month
Conditional and unconditional exposures to central governments or central banks	460,144	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	2,896	1,917	2,504	73,817	517,264
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	1,556,176	82,212	102,568	50,379	99,750
Conditional and unconditional exposures to corporates	4,446,913	4,286,397	7,166,570	6,269,661	8,707,685
Conditional and unconditional retail exposures	4,743,410	932,170	2,272,421	2,793,708	13,924,631
Conditional and unconditional exposures secured by real estate property	321,818	215,569	504,560	624,601	3,813,992
Past due receivables	-	-	-	-	-
Receivables defined in high-risk category by BRSA	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	12,972	-	-	-	-
Investment in equities	158,861	-	-	8,396	-
Total	11,703,190	5,518,265	10,048,623	9,820,562	27,063,322

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations Related to Credit Risk (continued)

Information about the risk exposure categories:

The credit rating of Fitch Ratings International Rating Agency is used for all receivables from the central governments or central banks which are included in the risk classes indicated in Article 6 of the Communiqué on Measurement and Assessment of Capital Adequacy of the Bank, and the country risk classification announced by The Organization for Economic Co-operation and Development (OECD) is used for receivables from banks and intermediary agencies. 20% weight concentration is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and 50% weight concentration is used for receivables with a maturity period of more than three months, and the risk weight used for all receivables is not lower than the risk concentration corresponding to the OECD credit quality level of the country where the non-rated banks and intermediary agencies are founded.

Risk ratings per the credit quality levels and the risk weights according to exposure categories announced by Fitch Ratings International Rating Agency and Organization for Economic Co-operation and Development (OECD)'s are presented below:

Credit Quality Level	Fitch Ratings Long-Term Credit Rating	Risk Weight of Receivables from Central Government or Central Banks	Receivables from Banks and Brokerage Houses		
			DTM less than 3 months	DTM higher than 3 months	Corporate Receivables
0	-		20%	50%	100%
1	AAA to AA-	0%	20%	50%	100%
2	A+ to A-	20%	20%	50%	100%
3	BBB+ to BBB-	50%	50%	50%	100%
4	BB+ to BB-	100%	100%	100%	100%
5	B+ to B-	100%	100%	100%	100%
6	CCC+ and below	150%	100%	100%	100%
7	-		150%	150%	100%

Exposures by risk weights:

Current Period													
Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	1250%	Deductions from Equity	
Exposures before Credit Risk Mitigation	48,790,618	-	10,199,894	-	4,193,761	12,931,818	40,188,210	55,314,066	7,999,452	-	-	650,581	
Exposures after Credit Risk Mitigation	49,087,191	-	9,572,980	-	4,193,761	12,267,078	38,873,248	53,080,397	7,991,594	-	-	650,581	

Prior Period													
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity	
Exposures before Credit Risk Mitigation	37,120,331	-	6,848,950	4,781,153	10,296,262	35,844,332	45,768,483	169,194	-	-	-	595,492	
Exposures after Credit Risk Mitigation	39,207,308	-	7,127,526	4,781,153	9,805,690	33,271,187	43,175,855	111,039	-	-	-	595,492	

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations Related to Credit Risk (continued)

Information in terms of major sectors and type of counterparties:

Current Period	Credits		Provisions
	Impaired Receivables (TFRS 9)		
	Major Sectors/Counterparties	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III)
Agriculture	90,568	166,200	105,551
Farming and Stockbreeding	90,246	159,100	100,949
Forestry	-	2,800	1,500
Fishery	322	4,300	3,102
Manufacturing	1,685,727	530,600	698,868
Mining and Quarrying	44,245	14,800	15,091
Production	1,634,558	504,100	675,587
Electricity, Gas and Water	6,924	11,700	8,190
Services	2,269,449	1,834,000	1,833,109
Wholesale and Retail Trade	489,456	995,300	746,028
Accommodation and Dining	843,615	122,000	277,874
Transportation and Telecom.	293,586	77,400	93,599
Financial Institutions	209,805	9,600	173,371
Real Estate and Rental Services	357,297	406,100	375,933
Professional Services	40,199	113,000	81,815
Educational Services	3,444	24,500	13,689
Health and Social Services	32,047	86,100	70,800
Other	5,638,195	794,582	973,741
Total	9,683,939	3,325,382	3,611,269

Prior Period	Credits		Provisions
	Impaired Receivables (TFRS 9)		
	Major Sectors/Counterparties	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III)
Agriculture	196,804	237,067	162,529
Farming and Stockbreeding	195,532	228,842	157,398
Forestry	-	3,634	2,088
Fishery	1,272	4,591	3,043
Manufacturing	1,284,188	674,352	757,529
Mining and Quarrying	74,706	14,968	24,701
Production	1,190,441	635,292	721,547
Electricity, Gas and Water	19,041	24,092	11,281
Services	2,456,032	2,132,357	1,980,183
Wholesale and Retail Trade	570,063	1,273,123	975,736
Accommodation and Dining	760,568	131,641	219,409
Transportation and Telecom.	400,761	98,481	143,146
Financial Institutions	213,907	9,653	132,613
Real Estate and Rental Services	405,892	384,202	347,700
Professional Services	53,591	137,755	100,165
Educational Services	8,226	32,194	19,557
Health and Social Services	43,024	65,308	41,857
Other	4,015,321	458,106	754,084
Total	7,952,345	3,501,882	3,654,325

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations Related to Credit Risk (continued)

Information about Value Adjustment and Change in Provisions

	31.12.2020 Balance	Provision for the Period	Provision Reversal	Written off from Asset	Other Adjustments ^(*)	31.12.2021 Balance
Default (Stage III)	2,381,897	554,833	(314,824)	(349,374)	31,274	2,303,806
Expected Loss Provisions (Stage I-II)	1,996,558	533,222	(804,640)	-	392,558	2,117,698

(*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company

	31.12.2019 Balance	Provision for the Period	Provision Reversal	Written off from Asset	Other Adjustments ^(*)	31.12.2020 Balance
Default (Stage III)	2,394,656	680,625	(207,531)	(485,853)	-	2,381,897
Expected Loss Provisions (Stage I-II)	1,503,984	980,025	(648,931)	-	161,480	1,996,558

(*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company

III. Explanations Related to Risks Involved in Counter-Cyclical Capital Buffer Calculation:

Current Period

	Private sector loans in banking accounts	Risk weighted amounts calculated in trading accounts	Total
Countries where the risk ultimately taken			
Turkey	97,009,182	1,263,046	98,272,228
England	347,812	-	347,812
TRNC	346,827	-	346,827
Germany	4,213	-	4,213
France	1,567	-	1,567
Israel	1,320	-	1,320
USA	1,249	-	1,249
Other	10,568	-	10,568
	97,722,738	1,263,046	98,985,784

Prior Period

	Private sector loans in banking accounts	Risk weighted amounts calculated in trading accounts	Total
Countries where the risk ultimately taken			
Turkey	71,192,511	1,031,487	72,223,998
TRNC	323,446	-	323,446
England	283,621	-	283,621
Egypt	6,098	-	6,098
Germany	4,714	-	4,714
Netherlands	993	-	993
France	954	-	954
Other	9,554	-	9,554
	71,821,891	1,031,487	72,853,378

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS

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IV. Explanations Related to Currency Risk

Foreign currency risk indicates the probability of loss that the Bank is 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 risk is calculated by using the standard method.

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

As an element of the Bank's risk management strategies, foreign currency liabilities are hedged against exchange rate risk by derivative instruments.

Asset Liability Management and Treasury Department of the Bank is responsible for the management of Turkish Lira or foreign currency price, liquidity and affordability risks that could occur in the domestic and international markets within the limits set by the Board of Directors. The monitoring of risk and risk related transactions occurring in the money markets is performed daily and reported to the Bank's Asset-Liability Committee on a weekly basis.

As of 31 December 2021, the Bank's balance sheet short position is TL 24,020,137 (31 December 2020: TL 21,615,848 short position) off-balance sheet long position is TL 23,747,791 (31 December 2020: TL 21,041,159 long position) and as a result net foreign currency short position is TL 272,346 (31 December 2020: net TL 574,689 short position).

The announced current foreign exchange buying rates of the Bank at 31 December 2020 and the previous five working days in full TL are as follows:

	24.12.2021	27.12.2021	28.12.2021	29.12.2021	30.12.2021	31.12.2021
USD	11.7652	11.2555	11.7878	12.5635	12.9629	13.3907
EURO	13.3159	12.7323	13.3415	14.2169	14.6610	15.1877

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

	Monthly Average Foreign Buying Rate
USD	13.7112
EURO	15.4974

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

IV. Explanations Related to Currency Risk (continued)

Information on the foreign currency risk of the Bank:

The Bank is exposed to foreign currency risk in large amounts in EURO and USD.

The table below shows the Bank's sensitivity to a 10% change in the USD and EURO rates. The rate of 10% used is the rate used to report the currency risk to the senior management within the Bank, and this rate represents the possible change expected by the management in exchange rates. 10% depreciation of USD and EURO against TL affects profit and equity amounts positively in the case of a short position and negatively in the case of a long position.

		Effect on Profit/Loss 31 December 2021	Effect on Equity ^(*) 31 December 2021
Change in FX Rate %			
USD	10 increase	46,648	(11,283)
USD	10 decrease	(46,648)	11,283
EURO	10 increase	7,278	(6,317)
EURO	10 decrease	(7,278)	6,317

		Effect on Profit/Loss 31 December 2020	Effect on Equity ^(*) 31 December 2020
Change in FX Rate %			
USD	10 increase	(21,533)	2,403
USD	10 decrease	21,533	(2,403)
EURO	10 increase	2,810	2,496
EURO	10 decrease	(2,810)	(2,496)

(*) The effect on equity does not include the effect of the change in exchange rates on the income statement.

The sensitivity of the Bank to the changes in the exchange rates did not change significantly in the current period. Opening or closing positions in line with market expectations may increase the sensitivity to changes in the period's exchange rates.

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

IV. Explanations Related to Currency Risk (continued)

Information on the Bank’s currency risk:

The table below shows the Bank’s distribution of balance sheet and derivative foreign exchange transactions taking into account the options transactions with nominal values as indicated in the BRSA regulation on foreign currency position. Besides taking into account this position by monitoring legal limits, the Bank also monitors the delta-adjusted position of the option transactions. As of 31 December 2021, the Bank has net USD long position TL681,543 and net EUR long position TL70,989.

Current Period	EURO	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽¹⁾	11,599,533	15,438,096	3,030,189	30,067,818
Banks ⁽²⁾	1,429,491	4,816,677	3,693,993	9,940,161
Financial Assets at Fair Value Through Profit or Loss	57,224	734,916	-	792,140
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1,360,271	2,773,823	39,261	4,173,355
Loans ⁽³⁾	19,844,296	7,469,325	1,496,939	28,810,560
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Financial Assets Measured at Amortized Cost ⁽⁴⁾	2,829,825	5,340,163	-	8,169,988
Derivative Financial Assets for Hedging Purposes ⁽⁵⁾	5,873	-	-	5,873
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ⁽⁶⁾	732,968	35,764	6,917	775,649
Total Assets	37,859,481	36,608,764	8,267,299	82,735,544
Liabilities				
Bank Deposits	309	-	22	331
Foreign Currency Deposits ⁽⁷⁾	25,019,990	40,039,221	11,334,288	76,393,499
Money Market Borrowings	5,001,962	-	-	5,001,962
Funds Provided from Other Financial Institutions	14,090,058	8,144,581	-	22,234,639
Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	4,201	-	-	4,201
Other Liabilities ⁽⁸⁾	1,828,625	1,217,626	74,798	3,121,049
Total Liabilities	45,945,145	49,401,428	11,409,108	106,755,681
Net Balance Sheet Position	(8,085,664)	(12,792,664)	(3,141,809)	(24,020,137)
Net Off-Balance Sheet Position	7,665,448	13,045,910	3,036,433	23,747,791
Financial Derivative Assets ⁽⁹⁾	30,271,685	44,317,120	4,830,894	79,419,699
Financial Derivative Liabilities ⁽⁹⁾	22,606,237	31,271,210	1,794,461	55,671,908
Non-Cash Loans ⁽¹⁰⁾	13,567,563	13,803,567	2,691,051	30,062,181

Prior Period				
Total Assets	21,277,098	13,617,682	4,458,681	39,353,461
Total Liabilities	24,717,839	28,642,995	7,608,475	60,969,309
Net Balance Sheet Position	(3,440,741)	(15,025,313)	(3,149,794)	(21,615,848)
Net Off-Balance Sheet Position	3,506,359	14,570,186	2,964,614	21,041,159
Financial Derivative Assets ⁽⁹⁾	15,993,374	25,685,642	4,743,380	46,422,396
Financial Derivative Liabilities ⁽⁹⁾	12,487,015	11,115,456	1,778,766	25,381,237
Non-Cash Loans ⁽¹⁰⁾	8,000,422	7,226,322	1,537,854	16,764,598

⁽¹⁾ Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey TL 4,982 (31 December 2020: TL 2,561) includes the balances of expected credit losses.

⁽²⁾ The banks include TL 22,153 (31 December 2020: TL 9,579) of expected credit loss provisions.

⁽³⁾ Foreign currency indexed loans amounting to TL 173,195 (31 December 2020: TL 233,707) are included in the loan portfolio. Also, it includes TL 814,077 (31 December 2020: TL 476,466) amounting to expected credit loss.

⁽⁴⁾ Financial assets at amortized cost includes expected credit loss amounting to TL 1,839 (31 December 2020: TL 523).

⁽⁵⁾ There are no income accruals from derivative financial instruments are deducted from derivative financial assets held for risk management (31 December 2020: TL 31,137).

⁽⁶⁾ TL 312,610 (31 December 2020: TL 213,071) income accruals from derivative financial instruments are deducted from other assets.

⁽⁷⁾ Precious metal accounts amounting to TL 7,954,654 (31 December 2020: TL 6,002,054) are included in the foreign currency deposits.

⁽⁸⁾ TL 155,500 (31 December 2020: TL 175,503) expense accruals from derivative financial instruments are deducted from other liabilities.

⁽⁹⁾ Forward asset and marketable securities purchase-sale commitments of TL 3,118,150 (31 December 2020: TL 951,630) are added to derivative financial assets and TL 4,589,261 (31 December 2020: TL 1,071,704) has been added to derivative financial assets.

⁽¹⁰⁾ There is no effect on the net off-balance sheet position.

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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 it is managed by the Asset-Liability Committee. 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.

The priority of the risk management department is to protect from interest rate volatility. Duration, maturity and sensitivity analysis performed within this context are calculated by the risk management department and reported to the Liquidity Risk and Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank.

The Bank management monitors the market interest rates on a daily basis and revises the interest rates of the Bank when necessary.

The Bank carries interest rate risk within the legal and internal limits and manages the interest rate risk in accordance with the bank’s risk appetite.

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 ⁽¹⁾	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽²⁾	22,959,105	-	-	-	-	12,826,030	35,785,135
Banks ⁽³⁾	6,570,302	-	-	-	-	4,986,490	11,556,792
Financial Assets at Fair Value Through Profit or Loss	252,946	718,169	619,019	805,158	96,136	302,359	2,793,787
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	502,497	476,140	1,672,084	4,511,113	-	13,250	7,175,084
Loans ⁽⁴⁾	30,270,588	12,019,328	35,157,117	25,756,608	1,293,973	(714,613)	103,783,001
Financial Assets Measured at Amortized Cost ⁽⁵⁾	663,358	576,192	10,699,178	7,571,596	41,376	(4,399)	19,547,301
Other Assets	6,052	45,500	1,663,129	1,698,491	285,616	9,717,134	13,415,922
Total Assets	61,224,848	13,835,329	49,810,527	40,342,966	1,717,101	27,126,251	194,057,022
Liabilities							
Bank Deposits	1,962,166	-	-	-	-	37,570	1,999,736
Other Deposits	60,696,336	10,374,268	287,263	1,378	-	58,480,268	129,839,513
Money Market Borrowings	4,679,049	2,575,838	1,586,822	-	-	-	8,841,709
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	1,049,232	145,293	-	-	-	-	1,194,525
Other Liabilities	3,546,147	11,544,778	4,888,330	-	2,857,546	-	22,836,801
Total Liabilities	72,080,156	25,178,951	6,940,315	1,319,791	2,909,514	85,628,295	194,057,022
Balance Sheet Long Position	-	-	42,870,212	39,023,175	-	-	81,893,387
Balance Sheet Short Position	(10,855,308)	(11,343,622)	-	-	(1,192,413)	(58,502,044)	(81,893,387)
Off-Balance Sheet Long Position	5,039,168	11,003,202	-	-	-	-	16,042,370
Off-Balance Sheet Short Position	-	-	(12,243,494)	(2,104,686)	(233,696)	-	(14,581,876)
Total Position	(5,816,140)	(340,420)	30,626,718	36,918,489	(1,426,109)	(58,502,044)	1,460,494

⁽¹⁾ Expected loss provisions are shown in the “No Interest” column.

⁽²⁾ Includes Cash (Safety, Effective Deposit, Money on the Way, Checks Purchased) and the Central Bank of the Republic of Turkey TL 6,160 of expected loss provisions.

⁽³⁾ Banks includes the balance of expected loss provisions amounting to TL 23,547.

⁽⁴⁾ Revolving loans amounting to TL 13,983,435 are shown in the “Up to 1 Month” maturity bracket. Includes expected loss provisions balance amounting to TL 4,039,995.

⁽⁵⁾ Financial Assets Valued at Amortized Cost Includes expected loss provisions balance amounting to TL 4,399.

The other assets line in the non-interest-bearing column consists of tangible assets amounting to TL 915,504 intangible assets amounting to TL 601,609, subsidiaries amounting to TL 116,036 and entities under common control joint venture amounting to TL 5, assets held for sale amounting to TL 65,933 while other liabilities line includes the shareholders’ equity of TL 13,617,819.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

V. Explanations Related to Interest Rate Risk (continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing ⁽¹⁾	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽²⁾	11,452,134	-	-	-	-	5,495,853	16,947,987
Banks ⁽³⁾	4,732,084	-	-	-	-	3,113,416	7,845,500
Financial Assets at Fair Value Through Profit or Loss	297,525	91,886	760,926	201,958	95,521	183,075	1,630,891
Money Market Placements ⁽⁴⁾	6,180,886	-	-	-	-	(439)	6,180,447
Financial Assets at Fair Value Through Other Comprehensive Income	805,587	113,055	2,319,571	4,656,078	746,205	10,881	8,651,377
Loans ⁽⁵⁾	11,310,285	6,681,908	25,261,054	32,741,342	3,435,619	(545,889)	78,884,319
Financial Assets Measured at Amortized Cost ⁽⁶⁾	1,012,657	825,220	9,171,693	1,472,121	41,250	(2,818)	12,520,123
Other Assets	338,380	535,384	266,647	672,721	299,267	5,274,999	7,387,398
Total Assets	36,129,538	8,247,453	37,779,891	39,744,220	4,617,862	13,529,078	140,048,042
Liabilities							
Bank Deposits	7,424,601	-	-	-	-	43,796	7,468,397
Other Deposits	47,493,350	5,865,710	235,318	367	-	32,710,336	86,305,081
Money Market Borrowings	6,548,253	-	-	-	-	-	6,548,253
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	2,160,640	-	2,649,997	-	-	-	4,810,637
Funds from Other Financial Institutions	758,398	594,518	8,303,532	91,158	4,194,951	-	13,942,557
Other Liabilities	227,987	28,532	383,341	1,309,066	244,413	18,779,778	20,973,117
Total Liabilities	64,613,229	6,488,760	11,572,188	1,400,591	4,439,364	51,533,910	140,048,042
Balance Sheet Long Position	-	1,758,693	26,207,703	38,343,629	178,498	-	66,488,523
Balance Sheet Short Position	(28,483,691)	-	-	-	-	(38,004,832)	(66,488,523)
Off-Balance Sheet Long Position	3,031,120	3,816,103	-	-	-	-	6,847,223
Off-Balance Sheet Short Position	-	-	(796,816)	(5,154,568)	(487,360)	-	(6,438,744)
Total Position	(25,452,571)	5,574,796	25,410,887	33,189,061	(308,862)	(38,004,832)	408,479

⁽¹⁾ The expected loss provisions are presented under the "Non-Interest Bearing" column.⁽²⁾ Cash and cash equivalents include cash balances (cash in hand, cash in hand, cash in the safe deposit box, purchased checks) and the Central Bank of Turkey's outstanding loss provisions in the amount of TL 3,316.⁽³⁾ The banks include TL 10,656 of expected loss provisions.⁽⁴⁾ Receivables from money markets includes the expected losses provisions amounting to TL 439.⁽⁵⁾ The revolving loans amounting to TL 6,201,511 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 4,047,771.⁽⁶⁾ Financial assets at amortized cost include losses amounting to TL 2,818.

The other assets line in the non-interest-bearing column consists of tangible assets amounting to TL 836,192 intangible assets amounting to TL 564,803, subsidiaries amounting to TL 116,036 and entities under common control joint venture amounting to TL 5, assets held for sale amounting to TL 112,859 while other liabilities line includes the shareholders' equity of TL 11,409,851.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

V. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TL %
End of Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	8.50
Banks	(0.70)	0.05	-	14.06
Financial Assets at Fair Value Through Profit or Loss	3.36	5.24	-	20.14
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	2.70	3.84	-	17.48
Loans	2.82	3.36	5.45	20.00
Financial Assets Measured at Amortized Cost	3.16	5.46	-	27.53
Liabilities				
Bank Deposits	-	-	-	10.37
Other Deposits	0.11	0.32	-	17.41
Money Market Borrowings	1.04	-	-	14.00
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	16.59
Funds Provided from Other Financial Institutions	1.98	4.89	-	15.82
	EURO %	USD %	YEN %	TL %
End of Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	12.00
Banks	(0.29)	0.21	(0.26)	17.88
Financial Assets at Fair Value Through Profit or Loss	2.60	2.65	-	10.12
Money Market Placements	-	-	-	17.98
Financial Assets at Fair Value Through Other Comprehensive Income	2.91	3.86	-	12.91
Loans	2.79	3.81	5.37	14.33
Financial Assets Measured at Amortized Cost	2.04	3.51	-	8.26
Liabilities				
Bank Deposits	-	-	-	10.65
Other Deposits	0.04	1.25	-	15.12
Money Market Borrowings	0.88	-	-	17.02
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	9.54
Funds Provided from Other Financial Institutions	2.09	4.91	-	10.69

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

V. Explanations Related to Interest Rate Risk (continued)

Interest rate risk arising from banking accounts:

a) Significant assumptions and frequency of measurement of interest rate risk, including the nature of interest rate risk arising from banking accounts and those related to the movement of deposits other than loan early repayments and time deposits:

Interest rate risk arising from banking accounts is monitored through different scenarios, and the interest risk exposed by presenting the results to the relevant committees is evaluated from different perspectives. There is a limit determined by the Board of Directors regarding the risk amount. It is taken care to ensure a certain harmony between assets and liabilities on the basis of currency, taking into account the market expectations of the bank.

Early repayment rates of loans were determined by examining historic the reaction of housing loans to interest movements in the previous periods. By analysing the movements of demand deposits on the basis of branches and accounts, it has been determined the duration of demand deposits that remain in the Bank on account basis. Assumptions accepted in parallel with the results reached are reflected in the above-mentioned products in interest rate sensitivity calculations.

a) Economic value differences arising from fluctuations in interest rates in accordance with the "Regulation on Measurement and Evaluation of Interest Rate Risk Arising from Banking Accounts by Standard Shock Method":

Currency	Applied shock (+/- x base point)	Gains/(Losses)	Gains/Equity- (Losses)/Equity
TL	(400)	853,204	4.02%
TL	500	(969,928)	(4.57)%
EURO	(200)	(98,543)	(0.46)%
EURO	200	102,182	0.48%
USD	(200)	(103,865)	(0.49)%
USD	200	104,482	0.49%
Total (For negative shocks)	(800)	650,796	3.07%
Total (For positive shocks)	900	(763,264)	(3.60)%

VI. Explanations Related to Certificates Share Position Risk from Banking Book:

Equity securities which are not publicly traded in the Bank's financial statements are booked as their fair value, or otherwise booked as their cost value whereby fair value cannot be calculated properly.

The Bank does not have any shares traded in Borsa Istanbul.

VII. Explanations Related to Liquidity Risk and Liquidity Coverage Ratio

a) Information on liquidity risk management, such as the Bank's risk capacity, responsibilities and the structure of liquidity risk management, Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

The Asset-Liability Management and Treasury Group is responsible for following up the Bank's current liquidity position and for complying with liquidity limits approved by the Board of Directors. After evaluating the liquidity position, the Asset-Liability Management and Treasury Group use authorized products to provide sufficient liquidity based on liquidity position.

Responsibilities for liquidity management are described in the Liquidity Risk Policy which is audited and approved by the Board of Directors annually. The various responsibilities have been shared among the appropriate departments and committees as outlined in duty descriptions. While the Asset-Liability Management and Treasury Group alone is responsible for managing liquidity and for developing short-term liquidity estimates, the Asset-Liability Management and Treasury Group works with the Asset-Liability Management Committee to jointly developing/setting short-term liquidity strategies and middle and long-term liquidity estimates. The Asset-Liability Management Committee is responsible for preparing middle and long-term liquidity strategies.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

VII. Explanations Related to Liquidity Risk and Liquidity Coverage Ratio (continued)

The Risk Management Group monitors daily all set liquidity risk limits, and periodically reports internal and legal liquidity rates and changes to the Risk Committee and Board of Directors, in addition to providing daily reports to senior management. Information about the Bank's liquidity structure and policies is provided to the relevant business lines at an Assets-Liabilities Committee meeting which is held every couple of weeks and at a Market and Liquidity Risk Committee meeting which is held monthly.

b) Information on the centralization degree of liquidity management and funding strategy, and on operations between Bank and its partnerships:

The Asset-Liability Management and the Treasury Group manage the Bank's liquidity risk and performs this role only for the bank. Liquidity gap values are monitored within the limits set by the Board of Directors, and for compliance with these limits, the necessary debt instruments are used, while considering price and maturity structure. Our subsidiaries manage their own liquidity, and we provide them borrowing facilities within market conditions and legal limits.

c) Information about the Bank's funding strategy including policies on funding types and variety of maturities:

While the Bank tries to diversify its funding resources, it also tries to extend its payment terms. Customer deposits are the bank's main funding resource. Our main strategy for deposit management is to be inclusive while extending the average maturity. In addition to borrowings from money markets and collecting deposit, the Bank uses instruments such as long-term syndicated loans, securities issued in TL and foreign currency to diversify funding resources.

d) Information on liquidity management based on currency which consists of a minimum of 5% of the Bank's total liabilities:

Excluding TL, USD and EUR, there is no foreign currency which exceeds 5% of total liabilities. For these currencies, liquidity gaps are reported on a monthly basis and the Liquidity Coverage Ratio is calculated daily for Total and Foreign Currency. The Asset-Liability Management and Treasury Group is responsible for taking the necessary steps to keep ratios within the limits determined by the Board of Directors. Trend of these ratios are monitored on a monthly basis by the Market and Liquidity Risk Committee which includes the General Manager, Assistant General Manager responsible from Financial Affairs Group, Group Risk Chief Officer, and the Assistant General Manager in charge of the Asset-Liability Management and Treasury Group. Furthermore, senior management is periodically informed about the relevant ratios.

e) Information on liquidity risk mitigation techniques:

The Bank's main liquidity management strategy is to diversify funding resources and extend the maturity structure. The Bank's balance sheet liquidity risk is periodically measured by Assets-Liabilities management and closely monitored with the Treasury. In accordance with market expectations, the Assets-Liabilities Management and Treasury Group carries out the actions necessary to minimize risk.

Within this framework, the Bank's liquidity risk is attempted to manage efficiently by long-term structural changes (such as diversifying funding sources, extending maturity structure etc.) and short and mid-term money market and derivative transactions.

In the short term, liquidity risk is minimized with FX swaps, interbank borrowings and repurchase agreements, while cross currency swap transactions are used to minimize these risks in the long term.

f) Explanation on the usage of the stress test:

The aim of the liquidity stress test is to analyse how liquidity squeeze affects bank liquidity. Cash inflows and outflows which may arise in cases of stress event are analysed based on products with different maturities. Stress events which may arise as a result of the liquidity squeeze, both in the Bank and in the whole banking system, in cases of stress event are analysed. Also, situations where the two scenarios might coincide are considered. The analysis addresses how much of the net cash outflows of different maturities would be covered by the current liquid stock during all relevant stress events.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

VII. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)

g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine.

- Whether the liquidity problem is specific to the bank or applies to the whole banking system and
- Whether there is a permanent or temporary problem.

Profitability has second degree importance in extraordinary liquidity conditions. In cases of cash shortage or cash withdrawal, the branches are responsible for informing the Asset-Liability Management and Treasury Group about withdrawn liabilities. The Asset-Liability Management and Treasury Group takes the necessary actions to cover the cash outflow which may occur in the accounts and informs the Asset-Liability Committee of any related delays.

In a liquidity crisis, the Asset-Liability Management and Treasury Group, the Asset-Liability Committee, the Liquidity Risk Committee, senior management, and the Board of Directors are responsible for solving the liquidity problem. It is predicted that, in a liquidity crisis, in order to create additional liquidity, written actions (considering the cost) must be taken within current market conditions.

Liquidity Coverage Ratio:

	Rate of Percentage to Be Taken into Account not Implemented Total Value ^(*)		Rate of Percentage to Be Taken into Account Implemented Total Value ^(*)	
	TL+FC	FC	TL+FC	FC
Current Period - 31 December 2021				
High Quality Liquid Assets				
1 High Quality Liquid Assets			47,286,292	29,716,957
Cash Outflows				
2 Real Person and Retail Deposits	81,720,904	42,598,230	7,319,602	4,259,823
3 Stable Deposits	17,049,779	-	852,489	-
4 Less Stable Deposits	64,671,125	42,598,230	6,467,113	4,259,823
5 Unsecured Debts Other than Real Person and Retail Deposits	44,581,451	22,525,874	25,823,594	12,484,715
6 Operational Deposits	217,442	-	54,360	-
7 Non-Operational Deposits	35,096,625	16,813,316	16,547,063	6,772,318
8 Other Unsecured Funding	9,267,384	5,712,558	9,222,171	5,712,397
9 Secured Funding	-	-	-	-
10 Other Cash Outflows	1,286,330	4,867,615	1,286,330	4,867,615
11 Outflows Related to Derivative Exposures and Other Collateral Requirements	1,286,330	4,867,615	1,286,330	4,867,615
12 Outflows Related to Restructured Financial Instruments	-	-	-	-
13 Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Markets	-	-	-	-
14 Other Revocable Off-Balance Sheet Commitments and Contractual Obligations	-	-	-	-
15 Other Irrevocable or Conditionally Revocable Off-Balance Sheet Obligations	44,271,920	17,702,242	3,521,975	1,773,047
16 Total Cash Outflows			37,951,501	23,385,200
Cash Inflows				
17 Secured Receivables	-	-	-	-
18 Unsecured Receivables	16,559,885	9,715,410	12,819,913	8,976,337
19 Other cash Inflows	561,220	12,279,927	561,220	12,279,927
20 Total Cash Inflows	17,121,105	21,995,337	13,381,133	21,256,264
Upper Limit Applied Values				
21 Total High Quality Liquid Assets			47,286,292	29,716,957
22 Total Net Cash Outflows			24,570,368	5,846,300
23 Liquidity Coverage Ratio (%)			192.45	508.30

(*) Simple arithmetic average of the last three months data calculated by using weekly simple arithmetic averages.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

VII. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Liquidity Coverage Ratio: (continued)

	Rate of Percentage to Be Taken into Account not Implemented Total Value ^(*)		Rate of Percentage to Be Taken into Account Implemented Total Value ^(*)	
	TL+FC	FC	TL+FC	FC
Prior Period - 31 December 2020				
High Quality Liquid Assets				
1 High Quality Liquid Assets			36,582,088	15,499,469
Cash Outflows				
2 Real Person and Retail Deposits	61,582,931	31,915,012	5,475,939	3,191,501
3 Stable Deposits	13,647,077	-	682,354	-
4 Less Stable Deposits	47,935,854	31,915,012	4,793,585	3,191,501
5 Unsecured Debts Other than Real Person and Retail Deposits	32,361,702	14,472,515	17,661,127	7,275,184
6 Operational Deposits	117,835	-	29,459	-
7 Non-Operational Deposits	28,298,303	12,070,133	13,713,430	4,872,802
8 Other Unsecured Funding	3,945,564	2,402,382	3,918,238	2,402,382
9 Secured Funding	-	-	-	-
10 Other Cash Outflows	1,665,525	2,927,065	1,665,525	2,927,065
11 Outflows Related to Derivative Exposures and Other Collateral Requirements	1,665,525	2,927,065	1,665,525	2,927,065
12 Outflows Related to Restructured Financial Instruments	-	-	-	-
13 Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Markets	-	-	-	-
14 Other Revocable Off-Balance Sheet Commitments and Contractual Obligations	-	-	-	-
15 Other Irrevocable or Conditionally Revocable Off-Balance Sheet Obligations	34,747,936	12,938,807	2,767,596	1,288,863
16 Total Cash Outflows			27,570,187	14,682,613
Cash Inflows				
17 Secured Receivables	-	-	-	-
18 Unsecured Receivables	11,815,328	5,566,219	9,247,037	5,177,146
19 Other cash Inflows	966,659	9,003,399	966,659	9,003,399
20 Total Cash Inflows	12,781,987	14,569,618	10,213,696	14,180,545
Upper Limit Applied Values				
21 Total High Quality Liquid Assets			36,582,088	15,499,469
22 Total Net Cash Outflows			17,356,491	3,670,653
23 Liquidity Coverage Ratio (%)			210.77	422.25

(*) Simple arithmetic average of the last three months data calculated by using weekly simple arithmetic averages.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

VII. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Liquidity Coverage Ratio: (continued)

The amount of high-quality liquid assets, distribution of deposits based on segment, maturity types of borrowings and the share of revolving loans in loan portfolio can be considered as the most important factors affecting Liquidity Coverage Ratio.

High quality liquid assets in order of their priority consist of the time accounts, bond portfolio, required reserve, cash and effective deposit. Funding sources consists of corporate customer deposits, real person deposits, borrowings and SME deposit accounts which are weighted by ratios used in Liquidity Coverage Ratio reporting considering their maturity types. Due to amount differences between buy and sell transactions, derivative products effect more FC Liquidity Coverage Ratio rather than the total. Besides, cash outflows due to withdrawal of the collaterals securing derivatives and market valuation changes on derivative transactions are considered in calculations.

There are concentration limits on funding sources approved by Board of Directors. Proportional limits on product type are reported in relation to how much of the funding can be obtained from deposits, group funding, borrowings from banks and repo and other long-term sources.

Liquidity management of the subsidiaries subject to consolidation is carried out by the companies themselves. Although there is a consolidated reporting for the Liquidity Coverage Ratio, there is no centralized liquidity management. Finally, there is no significant cash inflow and cash outflow related to the liquidity profile of the Bank, which is included in the calculation of liquidity coverage ratio, but which is not included in the public disclosure template in the second paragraph of the related communiqué.

The weeks with lowest and highest liquidity coverage ratio for the last three months calculated by using weekly simple arithmetic averages are presented below:

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
Lowest	153.36%	400.72%	170.05%	274.27%
Week	15.10.2021	15.10.2021	23.10.2020	16.10.2020
Highest	236.00%	564.43%	267.71%	491.66%
Week	17.12.2021	01.10.2021	18.12.2020	11.12.2020

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

VII. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed ⁽¹⁾	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽²⁾	12,832,190	22,959,105	-	-	-	-	(6,160)	35,785,135
Banks ⁽³⁾	6,244,651	5,335,688	-	-	-	-	(23,547)	11,556,792
Financial Assets at Fair Value Through Profit and Loss	-	205,178	184,115	523,936	1,482,063	96,136	302,359	2,793,787
Money Market Placements ⁽⁴⁾	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	13,250	39,232	269,447	948,781	5,396,422	507,952	-	7,175,084
Loans ⁽⁴⁾	-	28,689,687	12,019,328	36,200,101	26,294,525	1,293,973	(714,613)	103,783,001
Financial Assets Measured at Amortized Cost ⁽⁵⁾	-	-	532,334	2,094,569	16,781,216	143,581	(4,399)	19,547,301
Other Assets	-	2,624,675	1,993,941	2,342,489	1,766,793	311,449	4,376,575	13,415,922
Total Assets	19,090,091	59,853,565	14,999,165	42,109,876	51,721,019	2,353,091	3,930,215	194,057,022
Liabilities								
Bank Deposits	37,570	1,962,166	-	-	-	-	-	1,999,736
Other Deposits	58,480,268	60,696,336	10,374,268	287,263	1,378	-	-	129,839,513
Funds Provided from Other Financial Institutions	-	1,138,079	6,459,142	7,863,727	136,817	7,239,036	-	22,836,801
Money Market Placements	-	4,679,049	2,575,838	1,586,822	-	-	-	8,841,709
Securities Issued	-	1,049,232	145,293	-	-	-	-	1,194,525
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	10,024,597	1,497,034	994,854	1,704,502	281,164	14,842,587	29,344,738
Total Liabilities	58,517,838	79,549,459	21,051,575	10,732,666	1,842,697	7,520,200	14,842,587	194,057,022
Liquidity Gap	(39,427,747)	(19,695,894)	(6,052,410)	31,377,210	49,878,322	(5,167,109)	(10,912,372)	-
Net Off-Balance Sheet Position	-	1,157,348	180,560	1,768,166	231,463	180,567	-	3,518,104
Financial Derivative Assets	-	29,886,074	29,745,541	26,100,385	18,145,761	2,968,553	-	106,846,314
Financial Derivative Liabilities	-	28,728,726	29,564,981	24,332,219	17,914,298	2,787,986	-	103,328,210
Non-Cash Loans	10,182,618	2,203,512	5,450,781	13,364,312	7,332,490	-	-	38,533,713
Prior Period								
Total Assets	7,857,641	35,679,610	8,052,628	29,840,791	49,906,032	5,235,185	3,476,155	140,048,042
Total Liabilities	32,754,132	69,399,201	6,706,629	12,332,810	1,759,911	4,712,459	12,382,900	140,048,042
Liquidity Gap	(24,896,491)	(33,719,591)	1,345,999	17,507,981	48,146,121	522,726	(8,906,745)	-
Net Off-Balance Sheet Position	-	223,288	(240,996)	117,535	126,240	(3,144)	-	222,923
Financial Derivative Assets	-	18,691,080	19,520,863	9,383,245	11,983,043	4,199,690	-	63,777,921
Financial Derivative Liabilities	-	18,467,792	19,761,859	9,265,710	11,856,803	4,202,834	-	63,554,998
Non-Cash Loans	6,918,016	1,354,463	2,719,244	6,823,344	6,430,957	-	-	24,246,024

⁽¹⁾ Among the active accounts that make up the balance sheet, active accounts such as fixed assets, subsidiaries and affiliates, stocks, prepaid expenses and non-performing loans, which are required for the continuation of banking activities and which do not have the opportunity to turn into cash in a short time, are recorded here. Expected loss provisions are also shown here.

⁽²⁾ Includes Cash (Safety, Effective Deposit, Money on the Way, Checks Purchased) and the Central Bank of the Republic of Turkey TL 6,160 of expected loss provisions.

⁽³⁾ Banks includes the balance of expected loss provisions amounting to TL 23,547.

⁽⁴⁾ Revolving loans amounting to TL 13,983,435 are shown in the "Up to 1 Month" maturity bracket. Includes expected loss provisions balance amounting to TL 4,039,995.

⁽⁵⁾ Financial Assets Valued at Amortized Cost Includes expected loss provisions balance amounting to TL 4,399.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

VII. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Analysis of financial liabilities by remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated	Total
31 December 2021								
Money Market								
Borrowings	-	4,680,792	2,598,569	1,593,351	-	-	(31,003)	8,841,709
Other Deposits	58,480,268	60,828,467	10,562,978	303,238	1,427	-	(336,865)	129,839,513
Banks Deposits	37,570	1,963,832	-	-	-	-	(1,666)	1,999,736
Funds from Other								
Financial Institutions	-	1,397,492	6,509,638	9,590,927	1,968,338	8,991,685	(5,621,279)	22,836,801
Issued Securities	-	1,078,661	150,058	-	-	-	(34,194)	1,194,525
Total	58,517,838	69,949,244	19,821,243	11,487,516	1,969,765	8,991,685	(6,025,007)	164,712,284

31 December 2020

Money Market								
Borrowings	-	6,568,394	-	-	-	-	(20,141)	6,548,253
Other Deposits	32,710,336	47,611,550	5,941,850	241,975	367	-	(200,997)	86,305,081
Banks Deposits	43,796	7,433,248	-	-	-	-	(8,647)	7,468,397
Funds from Other								
Financial Institutions	-	835,551	71,744	9,569,324	1,129,862	5,581,278	(3,245,202)	13,942,557
Issued Securities	-	-	4,413,557	739,050	-	-	(341,970)	4,810,637
Total	32,754,132	62,448,743	10,427,151	10,550,349	1,130,229	5,581,278	(3,816,957)	119,074,925

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

VII. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Analysis of contractual maturity of the Bank's derivative financial instruments:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated
31 December 2021						
Derivative financial instruments for hedging purposes						
Fair Value Hedge	-	-	-	-	-	-
Cash Flow Hedge	-	35,186	3,887,312	636,913	-	4,559,411
Trading Transactions						
Forward foreign exchange agreement	4,716,764	3,435,743	5,101,585	217,898	-	13,471,990
Swap money selling agreement	19,240,938	25,863,945	4,280,649	9,392,381	217,139	58,995,052
Swap interest agreement	-	-	-	-	-	-
Futures monetary agreement	-	321,698	42,622	-	-	364,320
Money exchange options contract	1,471,166	693,877	1,465,943	-	-	3,630,986
Total	25,428,868	30,350,449	14,778,111	10,247,192	217,139	81,021,759

31 December 2020

Derivative financial instruments for hedging purposes						
Fair Value Hedge	1,047,907	4,338,325	-	-	863,835	6,250,067
Cash Flow Hedge	710,591	34,994	1,708,688	3,238,883	-	5,693,156
Trading Transactions						
Forward foreign exchange agreement	3,000,033	2,271,615	2,318,963	553,143	-	8,143,754
Swap money selling agreement	10,028,698	13,815,112	2,175,927	3,527,930	3,329,046	32,876,713
Swap interest agreement	-	-	-	-	-	-
Futures monetary agreement	-	209,828	380,096	-	-	589,924
Money exchange options contract	981,308	566,084	288,360	185,653	-	2,021,405
Total	15,768,537	21,235,958	6,872,034	7,505,609	4,192,881	55,575,019

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

VIII. Explanations Related to Leverage Ratio

a) Information on issues that cause differences between current period and previous period leverage ratios:

There is a decrease in the leverage ratio in line with the increase on-balance sheet risks.

b) Leverage ratio:

	Current Period ^(*)	Prior Period ^(*)
Assets on the Balance Sheet		
1 Assets on the Balance Sheet (Excluding Derivative Financial Instruments and Loan Derivatives, Including Collaterals)	175,665,512	134,762,915
2 (Assets Deducted from Core Capital)	(598,378)	(675,833)
3 Total Risk Amount for Assets on the Balance Sheet	175,067,134	134,087,082
Derivative Financial Instruments and Credit Derivatives		
4 Renewal Cost of Derivative Financial Instruments and Loan Derivatives	2,456,964	1,777,668
5 Potential Credit Risk Amount of Derivative Financial Instruments and Loan Derivatives	612,168	492,002
6 Total Risk Amount of Derivative Financial Instruments and Loan Derivatives	3,069,132	2,269,670
Financing Transactions with Securities or Goods Warranties		
7 Risk Amount of Financial Transactions with Securities or Goods Warranties (Excluding Those in the Balance Sheet)	854,257	900,450
8 Risk Amount Arising from Intermediated Transactions	-	-
9 Total Risk Amount of Financing Transactions with Securities or Goods Warranties	854,257	900,450
Off-the-Balance Sheet Transactions		
10 Gross Nominal Amount of the Off-Balance Sheet Transactions	66,385,645	46,024,212
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12 Total Risk Amount for Off-Balance Sheet Transactions	66,385,645	46,024,212
Capital and Total Risk		
13 Tier 1 Capital	12,506,263	11,154,878
14 Total Risk Amount	245,376,168	183,281,414
Leverage Ratio		
15 Leverage Ratio	5.10%	6.09%

^(*) The amounts in the table are calculated by using the 3 months average amounts.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

IX. Explanations on the Presentation of Financial Assets and Liabilities at Their Fair Values

The table below shows the book value and fair value of financial assets and liabilities that are not shown at the fair value of the Bank's financial statements.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	142,062,178	114,081,766	141,503,491	113,779,809
Receivables from Money Markets	-	6,180,447	-	6,180,447
Banks	11,556,792	7,845,500	11,556,792	7,845,500
Financial Assets at Fair Value Through Other Comprehensive Income	7,175,084	8,651,377	7,175,084	8,651,377
Financial Assets Valued Over Amortized Cost	19,547,301	12,520,123	20,080,824	12,544,293
Loans	103,783,001	78,884,319	102,690,791	78,558,192
Financial Liabilities	173,919,747	123,401,600	174,339,515	123,653,326
Banks Deposits	1,999,736	7,468,397	1,999,736	7,468,397
Other Deposits	129,839,513	86,305,081	130,080,520	86,455,274
Funds Received from Other Financial Institutions ^(*)	31,678,510	20,490,810	31,857,271	20,592,343
Securities Issued	1,194,525	4,810,637	1,194,525	4,810,637
Other Liabilities	9,207,463	4,326,675	9,207,463	4,326,675

^(*) Debts to money markets and subordinated loans are included in the line of funds from other financial institutions.

Investment securities in the current period include financial assets valued at their amortized cost and at fair value through other comprehensive income. The fair value of assets held to maturity assets are determined based on market prices or quoted market prices of other securities subject to redemption in terms of interest, maturity and other similar circumstances, where their prices cannot be determined.

Due to the fact that demand deposits, variable rate placements and overnight deposits are short-term, hence their carrying value reflects their fair value. Estimated fair value of fixed interest deposits and funds provided from other financial institutions, is calculated with the presence of discounted cash flow using the current interest rates used for other debts of similar quality and similar maturity structure; by finding the discounted cash flow using the fair value of loans and the current interest rates used for receivables with similar and similar maturities. As the miscellaneous debts are short term, their carrying value approximately reflects their fair value.

The fair value of financial assets and liabilities are determined as follows:

- First level: Financial assets and liabilities are valued at the stock market prices traded in the active market for the same assets and liabilities.
- Second level: Financial assets and liabilities are valued from the inputs used to find the price of the relevant asset or liability directly or indirectly, which can be observed in the market other than the stock exchange price specified in the first level.
- Third level: Financial assets and liabilities are valued from inputs that are not based on any observable data in the market used to find the fair value of the asset or liability.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

IX. Explanations on the Presentation of Financial Assets and Liabilities at Their Fair Values (continued)

The following table contains the analysis of the fair values of the financial instruments carried at fair values, including the stock market prices, valuation techniques, all model data of which can be measured in the market, or using valuation techniques whose data cannot be measured in the market:

31 December 2021	Level 1	Level 2	Level 3	Total
Financial Assets	9,721,647	8,308,644	73,025	18,103,316
Financial Assets at Fair Value Through Profit or Loss	2,599,074	6,466,914	59,775	9,125,763
Government Debt Securities	2,491,428	-	-	2,491,428
Derivative Financial Assets at Fair Value Through Profit or Loss	-	6,331,976	-	6,331,976
Financial Assets at Fair Value Through Other Comprehensive Income	107,646	134,938	59,775	302,359
Derivative Financial Assets for Hedging Purposes	-	1,802,469	-	1,802,469
Financial Assets at Fair Value Through Other Comprehensive Income	7,122,573	39,261	13,250	7,175,084
Government Debt Securities	7,122,573	39,261	-	7,161,834
Other Fair Value Differences Financial Assets Reflected to Other Comprehensive Income	-	-	13,250	13,250
Financial Liabilities	-	4,489,788	-	4,489,788
Derivative Financial Liabilities at Fair Value Through Profit or Loss	-	4,159,177	-	4,159,177
Derivative Financial Liabilities for Hedging Purposes	-	330,611	-	330,611
31 December 2020	Level 1	Level 2	Level 3	Total
Financial Assets	10,125,304	2,948,440	58,651	13,132,395
Financial Assets at Fair Value Through Profit or Loss	1,507,974	2,275,132	47,770	3,830,876
Government Debt Securities	1,447,816	-	-	1,447,816
Derivative Financial Assets at Fair Value Through Profit or Loss	-	2,199,985	-	2,199,985
Financial Assets at Fair Value Through Other Comprehensive Income	60,158	75,147	47,770	183,075
Derivative Financial Assets for Hedging Purposes	-	650,142	-	650,142
Financial Assets at Fair Value Through Other Comprehensive Income	8,617,330	23,166	10,881	8,651,377
Government Debt Securities	8,617,330	23,166	-	8,640,496
Other Fair Value Differences Financial Assets Reflected to Other Comprehensive Income	-	-	10,881	10,881
Financial Liabilities	-	3,343,179	-	3,343,179
Derivative Financial Liabilities at Fair Value Through Profit or Loss	-	2,344,441	-	2,344,441
Derivative Financial Liabilities for Hedging Purposes	-	998,738	-	998,738

There is no transition between levels in the current year.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

IX. Explanations on the Presentation of Financial Assets and Liabilities at Their Fair Values (continued)

The table below shows the movement table of financial assets at Level 3:

	Current Period	Prior Period
Balance at the Beginning of the Period	58,651	48,833
Purchases	-	-
Redemption or Sale	-	-
Valuation Difference	14,374	9,818
Transfers	-	-
Balance at the End of the Period	73,025	58,651

X. Explanations Related to Transaction Carried Out on Behalf of Other Parties and Fiduciary Assets

The Bank performs buying transactions on behalf of customers, and gives custody, administration and advisory services.

The Bank does not deal with fiduciary transactions.

XI. Explanations Related to Consolidated Risk Management

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. The notes to be presented within the scope of internal rating-based approach have not been presented due to use of standard approach for the calculation of capital adequacy ratio by the Bank.

1. Risk management approach and Risk Weighted Amounts

1.1. Bank's risk management approach

The objective of the Risk Management system is to provide that the risks that are derived from the bank's activities are defined, measured, monitored and controlled through policies, procedures and limits established.

Risk Management functions of the Bank and all of its subsidiaries have been gathered under the Group Risk Management. Group Risk Management reports to the Boards of Directors of TEB Group through the Risk Committee and Audit Committee within the TEB A.Ş. and is responsible for fulfilling its duties of general supervision, notification and recommendation on behalf of the Boards of Directors in line with the principles laid down in this Regulation.

With Risk Policies, the Bank aims to,

- Identify the main risks to which bank is exposed and identified risks are within the controlled range,
- Define roles and responsibilities to identify, analyse, measure, monitor, and control the main risks bank faces and other risks which may arise as a consequence of changes in activity structure and economic conditions,
- Identify the volume of transactions which may cause non-controllable risks by considering equity strength or decrease the activities affected by such risks.

Risk policies and the procedures related there to contain written standards set by the Board of Directors and the “Senior Management” consisting of General Manager, Assistant General Managers and Chief Risk Officer.

Risk policies and related procedures are prepared in compliance with the Banking Law, external legislation and general banking practices and presented to the Senior Management/Board of Directors for approval.

It is the principal duty of all managers of the Bank to provide compliance with risk policies containing the criteria required for each unit.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XI. Explanations Related to Risk Management (continued)

1. Risk management approach and Risk Weighted Amounts (continued)

1.1. Bank's risk management approach (continued)

Risk Management Operations consist of;

- i) risk measurement,
- ii) monitoring of risks,
- iii) control of risk and reporting operations

Risk management operations are conducted by Group Risk Management and personnel.

Group Risk Management applies second order controls for quantifiable risks as part of continuous control system.

Head of Group Risk Management reports to the Board of Directors via Risk Committee and Audit Committee.

1.2. Overview of Risk Weighted Amounts

		Risk Weighted Amounts		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (Excluding Counterparty Credit Risk) (CCR)	102,173,138	74,646,643	8,173,851
2	Of which Standardized Approach (SA)	102,173,138	74,646,643	8,173,851
3	Of which Internal Rating-Based (IRB) Approach	-	-	-
4	Counterparty Credit risk	2,882,445	2,116,406	230,596
5	Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	2,882,445	2,116,406	230,596
6	Of which Internal Model Method (IMM)	-	-	-
7	Equity positions in banking book under market-based approach	-	-	-
8	Equity Investment in Funds - Look-Through Approach	-	-	-
9	Equity Investment in Funds - Mandate-Based Approach	-	-	-
10	Equity Investment in Funds - 1250% Weighted Risk Approach	-	-	-
11	Settlement Risk	-	-	-
12	Securitization Positions in banking accounts	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	3,002,158	2,451,650	240,173
17	Of which Standardized approach (SA)	3,002,158	2,451,650	240,173
18	Of which Internal model approaches (IMM)	-	-	-
19	Operational Risk	10,508,918	9,547,537	840,713
20	Of which Basic Indicator Approach	10,508,918	9,547,537	840,713
21	Of which Standard Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	Amounts Below the Thresholds for Deduction (Subject to a 250% Risk Weight)	-	-	-
24	Floor Adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	118,566,659	88,762,236	9,485,333

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XI. Explanations Related to Risk Management (continued)

2. Linkages Between Financial Statements and Regulatory Exposures

2.1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

	Valued amount of items in accordance with TAS				
	Amount valued in accordance with TAS within the scope of legal consolidation ^(*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Current Period					
Assets					
Cash Values and Central Bank	35,791,295	35,791,295	-	-	-
Banks	11,580,339	11,581,986	-	-	-
Receivables from Money Markets	-	-	-	-	-
Financial Assets at Fair Value through Profit Loss	2,793,787	302,359	-	2,491,428	-
Financial Assets at Fair Value Through Other Comprehensive Income	7,175,084	7,176,752	-	-	-
Financial Assets Measured by Amortized Cost	19,551,700	19,551,700	-	-	-
Part of Derivative Financial Assets at Fair Value Through Profit Loss	6,331,976	-	6,331,976	6,331,976	-
The Fair Value Differences of Derivative Financial Assets Reflected to Other Comprehensive Income	1,802,469	-	1,802,469	1,802,469	-
Frozen Financial Assets	-	-	-	-	-
Expected Loss Reserves (-)	4,074,101	2,259,372	-	-	-
Credits	107,822,996	107,822,996	-	-	-
Factoring Receivables	-	-	-	-	-
Non-Current Assets Held For Sale and Discontinued Operations (Net)	65,933	65,933	-	-	-
Affiliates (Net)	-	-	-	-	-
Subsidiaries (Net)	116,036	116,036	-	-	-
Joint Ventures (Joint Ventures) (Net)	5	5	-	-	-
Property, Plant and Equipment (Net)	915,504	879,821	-	-	35,683
Intangible Assets (Net)	601,609	-	-	-	601,609
Investment Properties (Net)	-	-	-	-	-
Current Tax Asset	133,380	133,380	-	-	-
Deferred Tax Asset	133,323	133,323	-	-	-
Other Assets ^(*)	3,315,687	3,037,998	277,689	-	-
Total assets	194,057,022	184,334,212	8,412,134	10,625,873	637,292
Liabilities					
Deposit	131,839,249	-	-	-	-
Loans received	15,597,765	-	-	-	-
Debts to money markets	8,841,709	-	8,841,709	-	-
Issued securities	1,194,525	-	-	-	-
Financial Liabilities with Fair Value Differences Reflected to Profit Loss	-	-	-	-	-
Derivative Financial Liabilities	4,489,788	-	2,065,014	-	-
Factoring Obligations	-	-	-	-	-
Lease Liabilities	564,489	-	-	-	-
Provisions	1,224,768	-	-	-	-
Current Tax Liability	240,411	-	-	-	-
Deferred Tax Liability	-	-	-	-	-
Fixed asset payables related to activities held and discontinued for sale (net)	-	-	-	-	-
Subordinated loans	7,239,036	-	-	-	-
Other Liabilities	9,207,463	-	1,700,528	-	-
Equity	13,617,819	-	-	-	-
Total liabilities	194,057,022	-	12,607,251	-	-

^(*) Refers to the Bank's unconsolidated financial statement.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XI. Explanations Related to Risk Management (continued)

2. Linkages Between Financial Statements and Regulatory Exposures (continued)

2.1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (continued)

	Valued amount of items in accordance with TAS				
	Amount valued in accordance with TAS within the scope of legal consolidation ^(*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Prior Period					
Assets					
Cash Values and Central Bank	16,951,303	16,951,303	-	-	-
Banks	6,523,419	6,526,154	-	-	-
Receivables from Money Markets	6,180,886	2,501,076	3,679,810	-	-
Financial Assets at Fair Value through Profit Loss	1,630,891	183,074	-	1,447,817	-
Financial Assets at Fair Value Through Other Comprehensive Income	8,651,377	8,653,347	-	-	-
Financial Assets Measured by Amortized Cost	12,522,941	12,522,941	-	-	-
Part of Derivative Financial Assets at Fair Value Through Profit Loss	1,752,609	-	1,752,609	1,752,609	-
The Fair Value Differences of Derivative Financial Assets Reflected to Other Comprehensive Income	1,097,518	-	1,097,518	1,097,518	-
Frozen Financial Assets	-	-	-	-	-
Expected Loss Reserves (-)	4,065,000	2,294,073	-	-	-
Credits ^(*)	82,932,090	82,932,090	-	-	-
Factoring Receivables	-	-	-	-	-
Non-Current Assets Held For Sale and Discontinued Operations (Net)	112,859	112,859	-	-	-
Affiliates (Net)	-	-	-	-	-
Subsidiaries (Net)	116,036	116,036	-	-	-
Joint Ventures (Joint Ventures) (Net)	5	5	-	-	-
Property, Plant and Equipment (Net)	836,192	798,168	-	-	38,025
Intangible Assets (Net)	564,803	-	-	-	564,803
Investment Properties (Net)	-	-	-	-	-
Current Tax Asset	19,678	19,678	-	-	-
Deferred Tax Asset	632,912	632,912	-	-	-
Other Assets ^(*)	3,587,523	2,119,306	1,468,216	-	-
Total assets	140,048,042	131,774,876	7,998,153	4,297,944	602,828
Liabilities					
Deposit	93,773,478	-	-	-	-
Loans received	9,747,606	-	-	-	-
Debts to money markets	6,548,253	-	6,548,253	-	-
Issued securities	4,810,637	-	-	-	-
Financial Liabilities with Fair Value Differences Reflected to Profit Loss	-	-	-	-	-
Derivative Financial Liabilities	3,343,179	-	1,604,879	-	-
Factoring Obligations	-	-	-	-	-
Lease Liabilities	598,957	-	-	-	-
Provisions	973,049	-	-	-	-
Current Tax Liability	321,406	-	-	-	-
Deferred Tax Liability	-	-	-	-	-
Fixed asset payables related to activities held and discontinued for sale (net)	-	-	-	-	-
Subordinated loans	4,194,951	-	-	-	-
Other Liabilities	4,326,675	-	2,462	-	-
Equity	11,409,851	-	-	-	-
Total liabilities	140,048,042	-	8,155,594	-	-

^(*) Refers to the Bank's unconsolidated financial statements.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XI. Explanations Related to Risk Management (continued)

2. Linkages Between Financial Statements and Regulatory Exposures (continued)

2.2. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

	Current Period	Total	Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
1	Asset carrying value amount under scope of regulatory consolidation	194,057,022	184,334,212	8,412,134	10,625,873
2	Liabilities carrying value amount under regulatory scope of consolidation	12,607,251	-	12,607,251	-
3	Total net amount under regulatory scope of consolidation	181,449,771	184,334,212	(4,195,117)	10,625,873
4	Off-balance sheet amounts	75,923,377	26,462,490	1,112,202	-
5	Differences in valuations	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-
8	Differences due to prudential filters	-	-	-	-
9	Exposure amounts considered for regulatory purposes	257,373,148	210,796,702	(3,082,915)	10,625,873

	Prior Period	Total	Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
1	Asset carrying value amount under scope of regulatory consolidation	140,048,042	131,774,876	7,998,154	4,297,944
2	Liabilities carrying value amount under regulatory scope of consolidation	8,155,593	-	8,155,595	-
3	Total net amount under regulatory scope of consolidation	131,892,449	131,774,876	(157,441)	4,297,944
4	Off-balance sheet amounts	48,120,392	18,120,887	678,183	-
5	Differences in valuations	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-
8	Differences due to prudential filters	-	-	-	-
9	Exposure amounts considered for regulatory purposes	180,012,841	149,895,763	520,742	4,297,944

2.3. Explanations of differences between accounting and regulatory exposure amounts in accordance with TAS

The market value approach is used to make valuation of the positions in the Bank portfolios. The market data sources used for valuations are identified, defined in the Market Risk Policy, and reviewed annually. The relevant action is taken immediately when it is determined that the data does not reflect the market condition other than annual data source evaluation. Product valuations are checked by using sources such as Reuters and Bloomberg.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XI. Explanations Related to Risk Management (continued)

3. Credit Risk Disclosure

3.1. General information about credit risk

3.1.1. General qualitative information about credit risk

The objective of the Risk Management system is to provide that the risks that are derived from the bank's activities are defined, measured, monitored and controlled through policies, procedures and limits established.

Credit Risk Management reports aim to supply risk level trends and risk expectations for the future. Details and content vary depending on the requirements of meetings and are presented in graphs and figures for ease of explanation and taking decisions.

The main report presented to Senior Management is the Credit Risk General Overview report, which is prepared monthly and discussed by the Risk Policies Committee. This report is also presented to the Board of Directors, Risk Committee and to the Audit Committee. Additionally, Group Risk Management prepares reports with special titles less frequently. Most of these reports are presented to the Risk Policies Committee. These reports may also be used in irregular meetings where emergent subjects are discussed or in meetings where the attendance of Senior Management is not required.

Credit risk policies are prepared in line with the Banking Law, external regulations, and general banking practices, and are approved by the Risk Policies Committee, Risk Committee, and Board of Directors.

The Bank's credit activities are managed according to the General Credit Policy that is approved by the Risk Policies Committee, Risk Committee and the Board of Directors.

The Risk Appetite declaration is approved by the Board of Directors and audited once a year. The Bank combines existing risk management tools, processes, principles, and policies, using a consistent approach with risk appetite declaration, and ensures that risks taken are within the agreed upon limits. In this way, the consistency of risk practices is improved across the Bank.

The Bank controls the credit risk by monitoring loan receivables, limiting certain transactions with counter parties, evaluating the creditworthiness of the counter party regularly, diversifying loan types and products separately based on customer groups and industry to prevent the concentration of deferred payments and receiving guarantees when appropriate.

3.1.2. Credit quality of assets

Current Period	Gross carrying value in unconsolidated financial statements prepared as per TAS		Allowances/ depreciation/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
Loans	3,325,382	104,497,614	4,039,995	103,783,001
Debt Securities	-	26,713,534	4,399	26,709,135
Off-balance sheet exposures	-	72,032,389	345,560	71,686,829
Total	3,325,382	203,243,537	4,389,954	202,178,965
Prior Period	Gross carrying value in unconsolidated financial statements prepared as per TAS		Allowances/ depreciation/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
Loans	3,501,882	79,430,208	4,047,771	78,884,319
Debt Securities	-	21,163,437	2,818	21,160,619
Off-balance sheet exposures	-	44,266,962	311,330	43,955,632
Total	3,501,882	144,860,607	4,361,919	144,000,570

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XI. Explanations Related to Risk Management (continued)

3. Credit Risk Disclosure (continued)

3.1 General information about credit risk (continued)

3.1.3 Changes in stock of defaulted loans and debt securities

1	Defaulted loans and debt securities at end of the 31 December 2020	3,501,882
2	Loans and debt securities that have defaulted since the last reporting period	1,272,553
3	Returned to non-defaulted status	-
4	Amounts written off ^(*)	(392,947)
5	Other changes ^(**)	(1,056,106)
6.	Defaulted loans and debt securities at end of 31 December 2021 (1+2-3-4-5)	3,325,382

^(*) The Bank wrote off TL57,671 of its non-performing loans. Additionally, the portion of the Bank's non-performing loan portfolio amounting to TL335,276 for which a provision of TL328,704 was provided, was sold in 2020 with a price of TL43,096 and after following the completion of the necessary procedures, non-performing loans were written off from the records.

^(**) Includes collections during the period.

1	Defaulted loans and debt securities at end of the 31 December 2019	4,146,906
2	Loans and debt securities that have defaulted since the last reporting period	1,451,572
3	Returned to non-defaulted status	-
4	Amounts written off ^(*)	(521,965)
5	Other changes ^(**)	(1,574,631)
6.	Defaulted loans and debt securities at end of 31 December 2020 (1+2-3-4-5)	3,501,882

^(*) The Bank wrote off TL97,496 of its non-performing loans. Additionally, the portion of the Bank's non-performing loan portfolio amounting to TL424,469 for which a provision of TL410,516 was provided, was sold in 2020 with a price of TL35,759 and after following the completion of the necessary procedures, non-performing loans were written off from the records.

^(**) Includes collections during the period.

3.1.4 Additional disclosure related to the credit quality

a) The scope and definitions of "past due" and "impaired" exposures used for accounting purposes and the differences, if any, between the definition of past due and impaired for accounting purposes

According to the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves", non-required delay time loans that is not classified as Stage III Loans, whose principal and interest payment collection delayed more than 30 days are considered as "non-performing loan" in the Accounting Practice.

Receivables past due more than 90 days are considered as "impaired receivables"; and they are classified as group III, IV, and V in accordance with Communiqué. A specific reserve is allocated for such receivables.

b) The extent of past due exposures (more than 90 days) that are not considered to be "impaired" and the reasons for this

A specific provision is allocated for receivables which are overdue for more than 90 days in accordance with the Communiqué.

c) Description of methods used for determining impairments

Provision amount is determined in accordance with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves".

d) The definition of the restructured exposure

If the borrower fails to make payment to the Bank due to a temporary lack of liquidity, loans and other receivables including deferred interest payments may be restructured to provide the borrower with additional liquidity to enable the Bank to collect its receivables, or a new repayment schedule may be arranged.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XI. Explanations Related to Risk Management (continued)

3. Credit Risk Disclosure (continued)

3.1 General information about credit risk (continued)

3.1.4 Additional disclosure related to the credit quality (continued)

e) Breakdown of exposures by geographical areas, industry and residual maturity:

Breakdown of Loans and Receivables by sector:

	Current Period			
	TL	(%)	FC	(%)
Agriculture	1,088,620	1.45	259,236	0.88
Farming and Stockbreeding	1,076,105	1.43	255,888	0.87
Forestry	-	-	-	-
Fishery	12,515	0.02	3,348	0.01
Manufacturing	22,605,119	30.09	19,130,113	65.15
Mining and Quarrying	1,347,357	1.79	826,110	2.81
Production	20,134,133	26.80	17,001,541	57.90
Electricity, Gas and Water	1,123,629	1.50	1,302,462	4.44
Construction	1,395,766	1.86	452,767	1.54
Services	17,935,715	23.87	8,627,042	29.38
Wholesale and Retail Trade	7,449,061	9.92	1,279,168	4.36
Accommodation and Dining	898,003	1.20	1,762,358	6.00
Transportation and Telecom.	2,776,789	3.70	1,192,698	4.06
Financial Institutions	3,078,844	4.10	2,389,845	8.14
Real Estate and Rental Services	1,830,712	2.44	1,729,265	5.89
Self-Employment Services	682,252	0.91	273,708	0.93
Educational Services	46,740	0.06	-	-
Health and Social Services	1,173,314	1.56	-	-
Other	32,107,044	42.73	896,192	3.05
Total	75,132,264	100.00	29,365,350	100.00

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XI. Explanations Related to Risk Management (continued)

3. Credit Risk Disclosure (continued)

3.1 General information about credit risk (continued)

3.1.4 Additional disclosure related to the credit quality (continued)

	Prior Period			
	TL	(%)	FC	(%)
Agriculture	1,166,380	1.77	83,973	0.63
Farming and Stockbreeding	1,155,657	1.75	82,658	0.62
Forestry	-	-	-	-
Fishery	10,723	0.02	1,315	0.01
Manufacturing	21,970,858	33.26	7,246,892	54.22
Mining and Quarrying	1,649,778	2.50	138,227	1.03
Production	19,289,208	29.20	6,423,204	48.06
Electricity, Gas and Water	1,031,872	1.56	685,461	5.13
Construction	1,257,918	1.90	239,811	1.79
Services	16,487,504	24.96	5,755,707	43.07
Wholesale and Retail Trade	6,959,599	10.53	855,619	6.40
Accommodation and Dining	977,101	1.48	1,412,019	10.57
Transportation and Telecom.	2,499,255	3.78	455,512	3.41
Financial Institutions	2,011,618	3.05	2,017,699	15.10
Real Estate and Rental Services	1,956,891	2.96	871,639	6.52
Self-Employment Services	647,196	0.98	143,219	1.07
Educational Services	60,718	0.09	-	-
Health and Social Services	1,375,126	2.08	-	-
Other	25,182,513	38.11	38,652	0.29
Total	66,065,173	100.00%	13,365,035	100.00

Breakdown of loans and receivables according to remaining maturities is provided in the note VII. of section four under the "Presentation of assets and liabilities according to their remaining maturities".

f) Amounts of impaired exposures on geographical areas and industry basis (according to the definition used by the Bank for accounting purposes) and write-offs with related allowances.

All of the Bank's loans under follow-up is in Turkey. Amounts of provision allocated receivables based on sector are presented in the note II of section 4 under "Information in terms of major sectors and type of counterparties".

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XI. Explanations Related to Risk Management (continued)

3. Credit Risk Disclosure (continued)

3.1 General information about credit risk (continued)

3.1.4 Additional disclosure related to the credit quality (continued)

g) Ageing analysis of accounting past-due exposures

31 December 2021	1-30 Day	31-60 Day	61-90 Day	Total
Loans and Receivables				
Commercial Loans	107,880	146,438	365,250	619,568
Consumer Loans	724,640	271,266	356,435	1,352,341
Credit Cards	157,470	94,918	63,437	315,825
Total	989,990	512,622	785,122	2,287,734
31 December 2020 ^(*)	1-30 Day	31-60 Day	61-90 Day	Total
Loans and Receivables				
Commercial Loans	265,565	155,830	438,085	859,480
Consumer Loans	520,416	180,156	256,865	957,437
Credit Cards	77,892	77,145	56,408	211,445
Total	863,873	413,131	751,358	2,028,362

(*) According to the BRSA's decisions, dated 17 March 2020 and numbered 8948 and, dated 8 December 2020 and numbered 9312, to be effective from 17 March 2020 until 30 June 2021, total amount of loans with delays of 91 to 180 days which are continued to be classified as Stage 2 is TL 626,606 as of 31 December 2020.

h) Breakdown of restructured exposures between impaired and not impaired exposures

No impaired loans:

		Significant Increase in Credit Risk (Stage II)	
Current Period	Gross Amount		Net Amount
Commercial Loans	1,643,640	721,330	922,310
Consumer Loans	171,148	14,821	156,327
Credit Cards	17,629	1,142	16,487
Total	1,832,417	737,293	1,095,124
		Significant Increase in Credit Risk (Stage II)	
Prior Period	Gross Amount		Net Amount
Commercial Loans	1,585,123	621,022	964,101
Consumer Loans	154,605	32,183	122,422
Credit Cards	22,188	1,735	20,453
Total	1,761,916	654,940	1,106,976

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XI. Explanations Related to Risk Management (continued)

3. Credit Risk Disclosure (continued)

3.1 General information about credit risk (continued)

3.1.4 Additional disclosure related to the credit quality (continued)

Impaired loans:

Current Period	Gross Amount	Default (Stage III)	Net Amount
Commercial Loans	50,907	25,962	24,945
Consumer Loans	65,156	41,393	23,763
Credit Cards	12,712	9,707	3,005
Total	128,775	77,062	51,713
Prior Period	Gross Amount	Default (Stage III)	Net Amount
Commercial Loans	65,682	37,989	27,693
Consumer Loans	27,484	18,913	8,571
Credit Cards	5,953	4,519	1,434
Total	99,119	61,421	37,698

3.2 Credit Risk Mitigation

3.2.1 Qualitative disclosure requirements related to credit risk mitigation techniques

a) Core features of policies and processes for which the Bank makes on and off-balance sheet netting

The Bank does not perform on and off-balance sheet offsetting to decrease credit risk, and credit derivatives are not used.

b) Core features of policies and processes for collateral evaluation and management

Financial collaterals are measured at fair value as of reporting date and are included in the risk mitigation process. When allocating the collateral amount to loans provided, the Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The legal validity of the mortgage is ensured by duly registering the mortgage in a timely manner, and significant changes in market conditions are monitored.

In terms of credit risk mitigation, the Bank uses cash, government and treasury bonds, fund, gold, bank guarantee, stock and derivatives as main collateral type. Mortgages on residential and commercial real estate reported under different risk class are other main types of collaterals.

c) Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e. by guarantor type, collateral and credit derivative providers).

Guarantor entity's credit risk value is to be considered in credit risk mitigation process in cases where Bank credit customers obtained guarantee from other entities.

The Bank mostly prefers cash, securities such as government and Treasury bond for collateral which have low market and credit risk concentration risk.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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XI. Explanations Related to Risk Management (continued)

3. Credit Risk Disclosure (continued)

3.2 Credit risk mitigation (continued)

3.2.2 Credit risk mitigation techniques - Overview

		Exposures unsecured: carrying amount 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
	Current Period							
1	Loans ^(*)	82,571,176	9,173,629	8,178,323	4,396,706	3,193,947	-	-
2	Debt securities ^(*)	22,654,571	-	-	-	-	-	-
3	Total	105,225,747	9,173,629	8,178,323	4,396,706	3,193,947	-	-
4	Of which defaulted ^(*)	3,118,326	25,138	16,168	53,540	101	-	-

^(*) With the BRSA decision dated 21 December 2021 and numbered 9996, the average of the Central Bank's buying rates of the last 252 working days has been used in credit risk calculations.

		Exposures unsecured: carrying amount 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
	Prior Period							
1	Loans ^(*)	62,123,854	9,340,977	8,438,686	5,746,115	4,549,485	-	-
2	Debt securities ^(*)	19,865,015	-	-	-	-	-	-
3	Total	81,988,869	9,340,977	8,438,686	5,746,115	4,549,485	-	-
4	Of which defaulted ^(*)	3,290,277	123,545	87,776	65,615	297	-	-

^(*) According to BRSA communiqué dated 23/03/2020 and numbered 24049440-045, 31/12/2019 exchange rates are used for credit risk calculations.

3.3. Credit risk under standardized approach

3.3.1. Disclosures on banks' use of credit ratings under the standard approach for credit risk

For portfolios that are risk-weighted under the standardized approach for credit risk, banks must disclose the following information:

a) Names of the External Credit Assessment Institutions (ECAIs) and Export Credit Agencies (ECAs) used by the bank, and the reasons for any changes over the reporting period

The Bank uses Fitch Ratings International Rating Agency's external ratings.

b) The risk classes for which each ECAI or ECA is used

The credit rating of Fitch International Rating is used for all receivables from the central governments or central banks which are included in the risk classes indicated in Article 6 of the Communiqué on Measurement and Assessment of Capital Adequacy of the Bank, and the country risk classification announced by The Organization for Economic Co-operation and Development (OECD) is used for receivables from banks and intermediary agencies. 20% risk weight on is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and 50% risk weight is used for receivables with a maturity period of more than three months, and the risk weight used for all receivables is not lower than the risk concentration corresponding to the OECD credit quality level of the country where the non-rated banks and intermediary agencies are founded.

c) A description of the process used to apply the issuer credit ratings onto other issuer comparable assets in the banking book

20% risk weight is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and a 50% risk weight is used for receivables with a maturity period of more than three months. According to the regulation on capital adequacy, corporates where the counterparties are domestic, the related exposures are included in the calculation of capital adequacy as unrated.

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XI. Explanations Related to Risk Management (continued)

3. Credit Risk Disclosure (continued)

3. Credit risk under standardized approach (continued)

3.3.1. Disclosures on banks' use of credit ratings under the standard approach for credit risk (continued)

d) The alignment of the alphanumerical scale of each agency used with risk buckets. (except where Agency (BRSA) publishes a standard mapping with which the bank has to comply)

Risk ratings per the credit quality levels and the risk weights according to exposure categories announced by Fitch Ratings International Rating Agency and Organization for Economic Co-operation and Development (OECD)'s are presented below:

Credit Quality Level	Fitch Ratings Long- Term Credit Rating	Risk Weight of Receivables from Central Government or Central Banks	Receivables from Banks and Brokerage Houses		
			DTM less than 3 months	DTM higher than 3 months	Corporate Receivables
0	-		20%	50%	100%
1	AAA to AA-	0%	20%	50%	100%
2	A+ to A-	20%	20%	50%	100%
3	BBB+ to BBB-	50%	50%	50%	100%
4	BB+ to BB-	100%	100%	100%	100%
5	B+ to B-	100%	100%	100%	100%
6	CCC+ and below	150%	100%	100%	100%
7	-		150%	150%	100%

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XI. Explanations Related to Risk Management (continued)

3. Credit Risk Disclosure (continued)

3.3. Credit risk under standardized approach (continued)

3.3.2. Standardized approach - credit risk exposure and Credit Risk Mitigation (CRM) effects

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amounts and Risk Weighted Amounts density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted amounts	Risk Weighted amounts density
Asset classes						
1 Exposures to central governments or central banks	44,390,447	-	44,687,019	-	886,394	2%
2 Exposures to regional governments or local authorities	1,174,357	8,474	1,103,988	3,078	553,537	50%
3 Exposures to public sector entities	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to banks and brokerage firms	10,904,211	3,780,085	10,235,313	2,215,643	3,564,014	29%
7 Exposures to corporates	37,246,347	22,963,054	35,482,638	12,234,059	46,132,367	97%
8 Retail exposures	45,139,642	22,387,583	43,973,871	4,281,706	42,471,916	88%
9 Exposures secured by residential property	4,086,174	297,344	4,086,174	107,587	1,467,816	35%
10 Exposures secured by commercial real estate	6,308,592	974,668	6,115,491	377,729	4,361,885	67%
11 Past-due loans	1,036,930	193,065	1,036,831	53,813	937,561	86%
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16 Other Receivables	6,856,320	8,791,478	6,856,317	2,902	1,564,097	23%
17 Investments in equities	233,551	-	233,551	-	233,551	100%
18 Total	157,376,571	59,395,751	153,811,193	19,276,517	102,173,138	59%

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XI. Explanations Related to Risk Management (continued)

3. Credit Risk Disclosure (continued)

3.3. Credit risk under standardized approach (continued)

3.3.2. Standardized approach - credit risk exposure and Credit Risk Mitigation (CRM) effects (continued)

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amounts and Risk Weighted Amounts density	
	On-balance sheet Amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amounts	Risk Weighted Amounts density
Asset classes						
1 Exposures to central governments or central banks	35,081,966	-	37,168,942	-	460,144	1%
2 Exposures to regional governments or local authorities	1,196,851	3,910	1,195,676	1,851	598,768	50%
3 Exposures to public sector entities	-	-	-	-	-	-
4 Exposures to multilateral development Banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to banks and brokerage firms	7,131,564	2,113,171	7,016,925	1,689,485	2,364,609	27%
7 Exposures to corporates	30,929,793	17,725,095	29,078,801	9,418,754	37,816,140	98%
8 Retail exposures	32,868,189	15,383,637	30,423,707	2,836,385	24,942,728	75%
9 Exposures secured by residential Property	4,654,019	334,268	4,654,019	127,135	1,673,404	35%
10 Exposures secured by commercial real Estate	5,703,402	1,117,896	5,450,919	462,159	3,971,642	67%
11 Past-due loans	1,207,798	226,565	1,207,503	65,240	1,123,886	88%
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16 Other Receivables	3,540,984	2,723,762	3,540,976	2,889	1,528,065	43%
17 Investments in equities	167,257	-	167,257	-	167,257	100%
18 Total	122,481,823	39,628,304	119,904,725	14,603,898	74,646,643	55%

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XI. Explanations Related to Risk Management (continued)

3. Credit Risk Disclosure (continued)

3.3. Credit risk under standardized approach (continued)

3.3.3. Standardized approach - exposures by asset classes and risk weights

	Current Period Asset Classes/Risk Weights	0%	10%	20%	25%	35%	50% secured by real estate ^(*)	75%	100%	150%	250%	Others	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to regional governments or local authorities	43,800,625	-	-	-	-	-	-	886,394	-	-	-	44,687,019
2	Exposures to regional governments or local authorities	-	-	-	-	-	1,107,058	-	8	-	-	-	1,107,066
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and financial intermediaries	-	-	8,932,935	-	-	3,481,957	-	35,297	767	-	-	12,450,956
7	Exposures to corporates	-	-	586,701	-	-	2,229,939	-	44,900,057	-	-	-	47,716,697
8	Retail exposures	-	-	487	-	-	33,863	38,823,247	1,519,036	7,878,944	-	-	48,255,577
9	Exposures secured by residential property	-	-	-	-	4,193,761	-	-	-	-	-	-	4,193,761
10	Exposures secured by commercial real estate	-	-	-	-	-	4,262,668	-	2,230,552	-	-	-	6,493,220
11	Past-due loans	-	-	-	-	-	418,050	-	560,711	111,883	-	-	1,090,644
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	233,551	-	-	-	233,551
17	Other Receivables	5,263,210	-	39,890	-	-	-	-	1,556,119	-	-	-	6,859,219
18	Total	49,063,835	-	9,560,013	-	4,193,761	11,533,535	38,823,247	51,921,725	7,991,594	-	-	173,087,710

^(*) The amount shown on the line of "Exposures secured by commercial real estate" is "Exposures secured by real estate" and other amounts shown on this column represented exposures subject to 50% risk weight.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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XI. Explanations Related to Risk Management (continued)

3. Credit Risk Disclosures (continued)

3.3. Credit risk under standardized approach (continued)

3.3.3 Standardized approach - exposures by asset classes and risk weights (continued)

	Prior Period Asset Classes/Risk Weights	0%	10%	20%	35%	50% secured by real estate ^(*)	75%	100%	150%	200%	Other risk weights	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to regional governments or local authorities	36,708,798	-	-	-	-	-	460,144	-	-	-	37,168,942
2	Exposures to regional governments or local authorities	-	-	-	-	1,197,519	-	8	-	-	-	1,197,527
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and financial intermediaries	-	-	6,679,841	-	1,995,853	-	30,715	1	-	-	8,706,410
7	Exposures to corporates	-	-	127,443	-	1,158,920	-	37,211,192	-	-	-	38,497,555
8	Retail exposures	-	-	1,125	-	6,904	33,252,063	-	-	-	-	33,260,092
9	Exposures secured by residential property	-	-	-	4,781,154	-	-	-	-	-	-	4,781,154
10	Exposures secured by commercial real estate	-	-	-	-	3,882,873	-	2,030,205	-	-	-	5,913,078
11	Past-due loans	-	-	-	-	408,750	-	752,955	111,038	-	-	1,272,743
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	167,257	-	-	-	167,257
17	Other Receivables	1,969,069	-	58,413	-	-	-	1,516,383	-	-	-	3,543,865
18	Total	38,677,867	-	6,866,822	4,781,154	8,650,819	33,252,063	42,168,859	111,039	-	-	134,508,623

^(*) The amount shown on the line of "Exposures secured by commercial real estate" is "Exposures secured by real estate" and other amounts shown on this column represented exposures subject to 50% risk weight.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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XI. Explanations Related to Risk Management (continued)

4. Counterparty Credit Risk

4.1. Qualitative disclosure related to counterparty credit risk

Limit requests of clients demanding derivative transactions are evaluated based on the related line of business in different credit committees. Limit amounts approved by credit committee are risk weighted limits. In calculation of risk amount that traced to risk weighted limits is multiplied by ratios based on each factor's historical movement that varies according to transaction's nominal amount, transaction's maturity, type, currency and purpose. Updates are generally conducted on a yearly basis except for the times of strict market fluctuations. In other words, if current tables do not cover risk calculations efficiently in case of strict market volatility, all tables are reviewed without waiting for annual period.

In table calculations, different time periods are considered while making analyses. If there is a period in data set with strictly fluctuating period, historical period after this period might be crucial. Also, in historical fluctuations, similar work meant for a data is organized separately. References provided by BNPP are also considered in the process. Eventually, all results are discussed firstly among line of business and then in the Market Risk Committee. Final decision is made by Risk Policy Committee and one of the alternatives is chosen. Approval of the Board of Directors members is obtained if the Risk Policy Committee members deem necessary.

Customers demanding derivative transactions are separated into two based on the purpose of the transaction. Decision of allocating the client to a group is given with taking into consideration client's all transactions. Related Credit Department decides on the evaluation of client either in trading derivative transaction limit or in hedging derivative transaction limit.

In principle, all individual customers are evaluated as in trading portfolio, and the Bank works with 100% cash and cash equivalent collaterals. Commercial and corporate customers are evaluated different for each firm and based on the decision given, are subject to different collateral conditions. Risks are monitored daily based on the collateral conditions set with the client, and additional collaterals are demanded when a necessity arises according to internally set principles.

For derivative transactions made with banks, ISDA, CSA, VM and GMRA agreements are requested from counterparties in principle, derivative transactions are not made with banks that do not sign these agreements. Collateral management is made on a daily basis with banks considering agreement conditions so that counterparty risk is minimized.

All open derivative transactions are evaluated daily by using market data and resulting evaluation amount is installed to system. As a new transaction is made, risk amount calculated with risk weights is reflected automatically to the system. In other words, counterparty risk regarding all derivative transactions is monitored on banking system. Collateral amount required for customer transactions, transaction evaluation amount and risk weighted nominal amount is monitored daily by considering collateral condition and limit monitoring principles set up by the Bank.

Simulations of transactions are conducted in order to be able to see the level of capital consumption on transaction basis. Ratings and Basel II portfolios of derivative customers and banks are reviewed and updated monthly. These are considered in the calculation of capital requirement and evaluation of collateral conditions.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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XI. Explanations Related to Risk Management (continued)

4. Counterparty Credit Risk (continued)

4.2 Analysis of counterparty credit risk (CCR) exposure by approach

Current Period	Replacement cost	Potential future exposure	EEPE ^(*)	Alpha used for computing regulatory EAD	EAD post CRM	Risk Weighted Amounts
Standardized Approach - CCR (For Derivatives)	3,523,661	839,905		1.4	4,357,589	1,571,129
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					1,087,752	454,032
Total						2,025,161

(*) Effective Expected Positive Exposure

Prior Period	Risk Weighted Amounts	Replacement Cost	Potential future exposure	EEPE ^(*)	Alpha used for computing regulatory EAD	EAD post CRM
Standardized Approach - CCR (For Derivatives)	1,229,934	1,452,674	498,722		1.4	1,923,504
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-			-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-					-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-					-
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	420,982					1,047,632
Total	1,650,916					

(*) Effective Expected Positive Exposure

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XI. Explanations Related to Risk Management (continued)

4. Counterparty Credit Risk (continued)

4.3 Credit valuation adjustment (CVA) capital charge

Current Period	Exposure at Default post-Credit Risk Mitigation	Risk Weighted Amounts
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) Value at Risk component (including the 3×multiplier)	-	-
(ii) Stressed Value at Risk component (including the 3×multiplier)	-	-
All portfolios subject to the Standardized CVA capital charge	4,357,589	857,284
Total subject to the CVA capital charge	4,357,589	857,284

Prior Period	Exposure at Default post-Credit Risk Mitigation	Risk Weighted Amounts
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) Value at Risk component (including the 3×multiplier)	-	-
(ii) Stressed Value at Risk component (including the 3×multiplier)	-	-
All portfolios subject to the Standardized CVA capital charge	1,923,504	465,490
Total subject to the CVA capital charge	1,923,504	465,490

4.4. Counterparty credit risk by risk classes and risk weights

Current Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure ^(*)
Claims from central governments and central banks	2,485,616	-	-	-	-	-	-	-	2,485,616
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	142,519	1,467,226	-	-	-	-	1,609,745
Corporates	-	-	12,010	128,680	-	1,158,672	-	-	1,299,362
Retail receivables	-	-	599	18	50,001	-	-	-	50,618
Other assets ^(**)	-	-	-	-	-	-	-	-	-
Total	2,485,616	-	155,128	1,595,924	50,001	1,158,672	-	-	5,445,341

^(*) Total credit risk: Amount related to capital adequacy calculation after the counterparty credit risk measurement techniques are applied.^(**) Other assets: The amounts not included in the credit risk of the counterparty reported in the risks table to the Central Counterparty.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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XI. Explanations Related to Risk Management (continued)

4. Counterparty Credit Risk (continued)

4.4. Counterparty credit risk by risk classes and risk weights (continued)

Current Period Risk Weight/Regulatory portfolio	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure ^(*)
Claims from central governments and central banks	529,441	-	-	-	-	-	-	-	-	529,441
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	254,344	-	1,137,118	-	-	-	-	1,391,462
Corporates	-	-	6,360	-	17,753	-	1,006,996	-	-	1,031,109
Retail portfolios	-	-	-	-	-	19,124	-	-	-	19,124
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets ^(**)	-	-	-	-	-	-	-	-	-	-
Total	529,441	-	260,704	-	1,154,871	19,124	1,006,996	-	-	2,971,136

^(*) Total credit risk: Amount related to capital adequacy calculation after the counterparty credit risk measurement techniques are applied.^(**) Other assets: The amounts not included in the credit risk of the counterparty reported in the risks table to the Central Counterparty.

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XI. Explanations Related to Risk Management (continued)

4. Counterparty Credit Risk (continued)

4.5. Composition of collateral for CCR exposure

Current Period	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	603	-	-	-	-
Cash - other currencies	-	4,823	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	551	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	5,977	-	-	-	-

Prior Period	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of posted collateral	Fair value of collateral received
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	1,220	-	-	-	-
Cash - other currencies	-	3,711	-	-	-	-
Domestic sovereign debt	-	1,055	-	-	-	-
Other sovereign debt	-	21,906	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	27,892	-	-	-	-

4.6. Credit derivatives exposures

None.

4.7. Exposures to central counterparties

None.

5. Securitization Disclosures

Since the Bank does not hold securitization position, the notes to be presented according to the “Communiqué on Disclosures about Risk Management to be announced to Public by Banks” have not been presented.

6. Market Risk Disclosures

The market risk section includes the market risk capital requirements calculated for trading book and banking book exposures that are subject to a market risk charge. It also includes capital requirements for securitization positions held in the trading book. However, it excludes the counterparty credit risk capital charges that apply to the same exposures, which are reported in Section 5 - Counterparty credit risk.

Notes and explanations prepared in accordance with the “Communiqué on Disclosures about Risk Management to be announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this note.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XI. Explanations Related to Risk Management (continued)

6. Market Risk Disclosures (continued)

6.1. Qualitative disclosure requirements related to market risk

Interest rate and foreign exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured and while calculating the capital adequacy and the amount subject to Value at Risk (VAR), as summarized below, is taken into consideration by the standard method. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by historic simulation. These results are also reported daily to the management.

For FX position, limits in different breakdowns are determined by Board of Directors and option operations are considered with delta conjugates.

In regular analysis, net interest income effects originating from interest rates changes are calculated for all interest rates sensitive products and the results are followed up in limits determined by Board of Directors. The shocks which are given to interest rates are changes by each currency and in linear scenario analysis, not only linear but also sudden shocks are evaluated. These analyses may be performed for both current and targeted financial figures.

According to economic cost approach, changes in market interest rates may affect the Bank's assets, liabilities and off-balance sheet items values. The Bank's economic value's sensitivity to interest rate is an important issue for stockholders, management and auditors.

Economic value of a product is net present value that is calculated by discounting expected cash flow.

Economic value of the Bank is the net present value of the cash flows that is subtracting expected cash flows of liabilities from net present value of assets and adding off balance sheet items expected cash flows. Economic value approach represents value of the Bank's sensitivity to interest rate fluctuations.

Market value of equity is defined as the difference between the market value of assets and liabilities. The Board of Directors predefines a limit for market value of equity; shock method is applied to all items to be able to see equity's influence on market value. Shocks applied may vary based on currencies.

As Economical Value approach considers effects of interest rate changes on all future cash flows, it enables to comprehensively understand effects of interest rate changes in the long run.

In addition to these analyses, Group Risk Management, based on current position, conducts stress testing to be able to predict possible losses as a consequence of exceptional fluctuations. Stress testings are prepared by BNP Paribas and TEB Group Risk Management measure the sensitivity created as a result of market price changes based on scenarios. Scenario analysis both on historical and hypothetical basis are conducted. Both historical and hypothetical scenario analyzes are performed.

Scenario analysis is applied both to currency and interest rates to be able to understand the effects on current portfolio.

Other than scenario analysis, various stress testings are applied to current portfolio; in order to see the effects of prior events on current position.

Nominal amount limits defined for bond portfolio, VAR (value at risk) limit for trading portfolio, and PV01 limits set for tracking interest rate risk are calculated daily, tracked, and reported to the management. Both interest rate and liquidity gap calculations are made for each item of the balance sheet. For both calculations, as product-based cash flows are formed, repricing, maturity and product-based acceptances are also considered.

Monthly reports are prepared for Market and Liquidity Risk Committees. Reports include end of the day positions, monthly/ annual cumulative profit/loss balances and some positions taken in that month.

All Limit and risk positions are represented to Risk Policies Committee, Risk Committee and to The Board of Directors.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XI. Explanations Related to Risk Management (continued)

6. Market Risk Disclosures (continued)

6.2. Standardized Approach

Current Period	Risk Weighted Amounts
Outright products	
1 Interest rate risk (general and specific)	1,377,017
2 Equity risk (general and specific)	-
3 Foreign exchange risk	538,925
4 Commodity risk	945,141
Options	
5 Simplified approach	-
6 Delta-plus method	141,075
7 Scenario approach	-
8 Securitization	-
9 Total	3,002,158
Prior Period	Risk Weighted Amounts
Outright products	
1 Interest rate risk (general and specific)	1,561,156
2 Equity risk (general and specific)	-
3 Foreign exchange risk	248,933
4 Commodity risk	588,523
Options	
5 Simplified approach	-
6 Delta-plus method	53,038
7 Scenario approach	-
8 Securitization	-
9 Total	2,451,650

7. Explanations Related to Operational Risk

a) Operational risk has been calculated using the basic indicator approach. Market risk measurements are performed monthly.

b) In case of Basic Indicator Approach the following:

	31.12.2018	31.12.2019	31.12.2020	Total/Number of positive gross income years	Rate (%)	Total
Gross income	5,159,211	5,982,919	5,672,140	5,604,757	15	840,713
Operational Risk Capital Requirement (Total*12,5)						10,508,918

	31.12.2017	31.12.2018	31.12.2019	Total/Number of positive gross income years	Rate (%)	Total
Gross income	4,133,929	5,159,211	5,982,919	5,092,020	15	763,803
Operational Risk Capital Requirement (Total*12,5)						9,547,537

c) The Bank does not use the standard method.

d) The Bank does not use any alternative approach in standard method.

e) The Bank does not use advanced measurement approach.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

XI. Explanations Related to Risk Management (continued)

8. Explanations Related to Remuneration Policy in Banks

TEB pays net salaries on the last working day of each month, after the required legal deductions are made. In addition to receiving a monthly salary, all TEB employees are assessed based on meeting their qualitative and quantitative targets, and the Bank may pay performance-based success and sales premiums or annual performance bonuses to reward employees' collective and individual success.

An annual performance bonus is determined based on the Bank's profitability, the results of Bank activities, and the realization of targets in line with market practices (local and/or professional). A performance bonus is only paid when the target realized in a particular year is at least 80%. Employees included in the success and sales premium scheme are paid success and sales premiums based to the targets realized during the year.

The remuneration policy of the Bank was prepared in line with the BRSA's "Communiqué on Corporate Management of Banks" and "Guidance on Good Remuneration Practices in Banks", and within the scope of the principle of proportionality, the content, structure, and strategies of the Bank's activities, long-term targets, the risk management structure of the Bank and local regulations. These regulations aim to prevent taking excessive risks and evaluate actual contributions to the risk management.

The remuneration policy supports the Bank in managing risks in line with the principles and parameters determined and approved by the Board of Directors. The remuneration policy aims to attract and retain expert employees who will contribute to the Bank reaching its strategic targets in both business line and support functions.

SECOM (Selection and Compensation Committee) is responsible, on behalf of the Board of Directors, for ensuring that the remuneration policy is prepared in line with local and BNP Paribas regulations. SECOM manages the principles of the remuneration policy, taking opinions from the human resources, financial affairs, risk, compliance, and internal control groups. The remuneration policy is audited and approved by SECOM and submitted to the Board of Directors. The remuneration policy is reviewed annually.

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

1. a) Information on Cash and Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	480,825	6,992,493	382,963	1,948,389
Balances with the Central Bank of Turkey	5,237,670	22,851,875	3,048,958	11,382,722
Other	-	228,432	-	188,271
Total	5,718,495	30,072,800	3,431,921	13,519,382

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	5,130,440	-	2,979,546	-
Unrestricted Time Deposit	-	7,072,426	-	4,626,036
Restricted Time Deposit	107,230	15,779,449	69,412	6,756,686
Total	5,237,670	22,851,875	3,048,958	11,382,722

The FC unrestricted amount is TL 7,072,426 (31 December 2020: TL 4,626,036), the FC restricted amount is TL 15,779,449 (31 December 2020: TL 6,756,686), the TL unrestricted amount is TL 5,130,440 (31 December 2020: TL 2,979,546), the FC restricted amount is TL 107,230 (31 December 2020: TL 69,412).

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

2. Information on financial assets at fair value through profit and loss (net):

a.1) Information on financial assets at fair value through profit or loss given as collateral or blocked: None (31 December 2020: None).

a.2) Financial assets at fair value through profit or loss subject to repurchase agreements: None (31 December 2020: None).

Net book value of unrestricted financial assets at fair value through profit or loss is TL 2,491,428 (31 December 2020: TL 1,447,816).

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Debt Securities	1,942,260	549,168	463,550	984,266
Securities Representing Share in Capital	59,387	135,326	47,539	75,378
Other Financial Assets	-	107,646	-	60,158
Total	2,001,647	792,140	511,089	1,119,802

3. Positive differences related to derivative financial assets held-for-trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	739,292	23,542	392,758	56,660
Swap Transactions	5,160,990	258,119	1,091,529	165,479
Futures Transactions	-	-	-	-
Options	106,295	43,738	36,244	9,939
Other	-	-	-	-
Total	6,006,577	325,399	1,520,531	232,078

4. Information on banks:

a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	1,531,570	1,248,381	1,851,274	801,236
Foreign	86,455	8,713,933	56,939	5,146,707
Foreign Head Offices and Branches	-	-	-	-
Total	1,618,025	9,962,314	1,908,213	5,947,943

An expected loss provision of TL 23,547 (31 December 2020: TL 10,656) has been set aside for receivables from banks.

b) Information on foreign banks account:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1,640,507	2,970,430	380,464	-
USA, Canada	3,192,869	1,518,644	-	-
OECD Countries ^(*)	2,332,760	135,873	-	-
Off-Shore Banking Regions	16	10	-	-
Other	1,096,610	578,689	157,162	-
Total	8,262,762	5,203,646	537,626	-

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

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury Bill and Similar Investment Securities	1,448,659	1,739,641	876,626	272,329
Other	-	-	-	-
Total	1,448,659	1,739,641	876,626	272,329

a.2) Information on financial assets at fair value through other comprehensive income subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	1,045,152	1,658,916	869,642	2,567,087
Treasury Bills	-	-	-	-
Other Government Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	1,045,152	1,658,916	869,642	2,567,087

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL 1,282,716 (31 December 2020: TL 4,065,693).

b.1) Information on financial assets at fair value through other comprehensive income:

	Current Period	Prior Period
Debt Securities	7,161,834	8,640,496
Quoted at Stock Exchange	7,122,573	8,617,330
Unquoted at Stock Exchange	39,261	23,166
Equity Securities	13,250	10,881
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	13,250	10,881
Impairment Provision (-)	-	-
Total	7,175,084	8,651,377

An expected loss provision of TL 1,668 (31 December 2020: TL 1,969) has been reserved for financial assets at fair value through other comprehensive income.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Eplanations and Disclosures Related to Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	389,230	-	438,193
Corporate Shareholders	-	389,230	-	438,193
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	116,057	-	153,482	-
Total	116,057	389,230	153,482	438,193

b) Information on the standard loans and loans under close monitoring and restructured loans under close monitoring:

Current Period:

Cash Loans	Standard Loans	Loans under Close Monitoring		
		Loans Under Restructuring		
		Not Under the Scope of Restructuring	Loans with Revised Contract Terms	Refinancing
Non-specialized Loans	94,813,675	7,851,522	106,238	1,726,179
Working Capital Loans	8,292,445	938,278	68,954	1,191,876
Export Loans	15,734,234	150,052	-	4,939
Import Loans	-	-	-	-
Loans Given to Financial Sector	4,592,585	-	-	-
Consumer Loans	19,586,048	4,218,653	12,207	158,941
Credit Cards	7,079,515	1,069,945	17,629	-
Other	39,528,848	1,474,594	7,448	370,423
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	94,813,675	7,851,522	106,238	1,726,179

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Explanations and Disclosures Informations on loans: (continued)

b) Information on the standard loans and loans under close monitoring and restructured loans under close monitoring:
(continued)

Prior Period:

Cash Loans	Standard Loans	Loans under Close Monitoring		
		Not Under the Scope of Restructuring	Loans Under Restructuring	
			Loans with Revised Contract Terms	Refinancing
Non-specialized Loans	71,477,863	6,190,429	92,352	1,669,564
Working Capital Loans	5,389,404	835,979	54,422	796,995
Export Loans	9,300,529	62,917	-	89,456
Import Loans	-	-	-	-
Loans Given to Financial Sector	2,655,503	-	-	-
Consumer Loans	16,922,139	2,915,680	3,912	150,693
Credit Cards	4,540,033	655,741	22,188	-
Other	32,670,255	1,720,112	11,830	632,420
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	71,477,863	6,190,429	92,352	1,669,564

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	428,726	-	393,446	-
Significant increase in Credit Risk	-	1,351,897	-	1,360,252
Total	428,726	1,351,897	393,446	1,360,252

c) Distribution of cash loans by maturity structure:

	Standard Loans	Loans under Close Monitoring	
		Not under the Scope of Restructuring	Restructured
Short Term Loans	49,217,439	2,130,065	57,948
Medium- and Long-Term Loans	45,596,236	5,721,457	1,774,469
Total	94,813,675	7,851,522	1,832,417

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

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

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	677,026	22,060,956	22,737,982
Housing Loans	1,018	4,162,567	4,163,585
Vehicle Loans	4,816	370,634	375,450
General Purpose Loans	671,192	17,527,755	18,198,947
Other	-	-	-
Consumer Loans -Indexed to FC	-	12,845	12,845
Housing Loans	-	12,845	12,845
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC ^(*)	-	21,592	21,592
Housing Loans	-	6,189	6,189
Vehicle Loans	-	830	830
General Purpose Loans	-	14,573	14,573
Other	-	-	-
Individual Credit Cards-TL	5,422,837	16,109	5,438,946
With Instalments	1,901,078	16,109	1,917,187
Without Instalments	3,521,759	-	3,521,759
Individual Credit Cards-FC	13,015	-	13,015
With Instalments	154	-	154
Without Instalments	12,861	-	12,861
Personnel Loans-TL	10,476	59,826	70,302
Housing Loans	-	249	249
Vehicle Loans	-	-	-
General Purpose Loans	10,476	59,577	70,053
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	40,726	52	40,778
With Instalments	14,548	52	14,600
Without Instalments	26,178	-	26,178
Personnel Credit Cards-FC	145	-	145
With Instalments	-	-	-
Without Instalments	145	-	145
Overdraft Accounts-TL (Real Persons) ^(*)	1,133,120	-	1,133,120
Overdraft Accounts-FC (Real Persons)	8	-	8
Total	7,297,353	22,171,380	29,468,733

^(*) Overdraft accounts include personnel loans amounting to TL 4,832.^(**) Loans granted via branches abroad.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

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

Prior Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	450,376	18,715,717	19,166,093
Housing Loans	663	4,502,862	4,503,525
Vehicle Loans	6,877	451,829	458,706
General Purpose Loans	442,836	13,761,026	14,203,862
Other	-	-	-
Consumer Loans -Indexed to FC	-	15,510	15,510
Housing Loans	-	15,510	15,510
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC ^(*)	-	19,914	19,914
Housing Loans	-	5,349	5,349
Vehicle Loans	-	1,909	1,909
General Purpose Loans	-	12,656	12,656
Other	-	-	-
Individual Credit Cards-TL	3,497,240	21,003	3,518,243
With Instalments	1,160,176	21,003	1,181,179
Without Instalments	2,337,064	-	2,337,064
Individual Credit Cards-FC	4,898	-	4,898
With Instalments	-	-	-
Without Instalments	4,898	-	4,898
Personnel Loans-TL	10,001	107,618	117,619
Housing Loans	-	356	356
Vehicle Loans	-	-	-
General Purpose Loans	10,001	107,262	117,263
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	32,257	52	32,309
With Instalments	9,979	52	10,031
Without Instalments	22,278	-	22,278
Personnel Credit Cards-FC	32	-	32
With Instalments	-	-	-
Without Instalments	32	-	32
Overdraft Accounts-TL (Real Persons) ^(*)	673,283	-	673,283
Overdraft Accounts-FC (Real Persons)	5	-	5
Total	4,668,092	18,879,814	23,547,906

^(*) Overdraft accounts include personnel loans amounting to TL 3,522.^(**) Loans granted via branches abroad.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

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

Current Period	Short Term	Medium and Long Term	Total
Commercial loans with instalment - TL	1,147,802	10,429,698	11,577,500
Business Loans	1,170	176,736	177,906
Vehicle Loans	95,163	2,256,981	2,352,144
General Purpose Loans	1,051,469	7,995,981	9,047,450
Other	-	-	-
Commercial loans with instalment - Indexed to FC	-	109,730	109,730
Business Loans	-	7,579	7,579
Vehicle Loans	-	-	-
General Purpose Loans	-	102,151	102,151
Other	-	-	-
Commercial loans with instalment - FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	2,670,477	191	2,670,668
With Instalments	1,101,764	191	1,101,955
Without Instalments	1,568,713	-	1,568,713
Corporate Credit Cards-FC	3,537	-	3,537
With Instalments	-	-	-
Without Instalments	3,537	-	3,537
Overdraft Accounts-TL (Legal Entities)	836,380	-	836,380
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	4,658,196	10,539,619	15,197,815

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

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

Prior Period	Short Term	Medium and Long Term	Total
Commercial loans with instalment - TL	2,173,068	8,946,399	11,119,467
Business Loans	257	163,797	164,054
Vehicle Loans	61,037	1,257,926	1,318,963
General Purpose Loans	2,111,774	7,524,676	9,636,450
Other	-	-	-
Commercial loans with instalment - Indexed to FC	-	148,076	148,076
Business Loans	-	6,192	6,192
Vehicle Loans	-	23,201	23,201
General Purpose Loans	-	118,683	118,683
Other	-	-	-
Commercial loans with instalment - FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	1,660,003	917	1,660,920
With Instalments	601,673	917	602,590
Without Instalments	1,058,330	-	1,058,330
Corporate Credit Cards-FC	1,560	-	1,560
With Instalments	-	-	-
Without Instalments	1,560	-	1,560
Overdraft Accounts-TL (Legal Entities)	741,420	-	741,420
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	4,576,051	9,095,392	13,671,443

f) Distribution of loans by users:

	Current Period	Prior Period
Public	1,974,740	2,048,390
Private	102,522,874	77,381,818
Total	104,497,614	79,430,208

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	103,816,710	78,937,391
Foreign Loans	680,904	492,817
Total	104,497,614	79,430,208

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Given to Subsidiaries and Associates	366,942	345,966
Indirect Loans Given to Subsidiaries and Associates	-	-
Total	366,942	345,966

i) Specific or non-performing loan (Stage 3) provisions for loans:

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	275,137	104,606
Loans and Receivables with Doubtful Collectability	250,384	198,193
Uncollectible Loans and Receivables	1,733,851	1,991,274
Total	2,259,372	2,294,073

j) Information on non-performing loan under follow-up (Net):

j.1) Information on loans and other receivables included in loans under follow-up which are restructured or rescheduled:

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectible Loans and Receivables
Current Period			
Gross Amounts before Provisions	72,529	14,239	42,007
Restructured Loans	72,529	14,239	42,007
Prior Period			
Gross Amounts before Provisions	22,018	24,809	52,292
Restructured Loans	22,018	24,809	52,292

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans (continued):

j.2) Movement of non-performing loan under follow-up:

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectible Loans and Receivables
Prior period end balance	168,152	313,729	3,020,001
Additions (+)	1,120,768	21,379	130,406
Transfers from other Categories of Loans under Follow- up (+)	-	734,335	546,402
Transfers to other Categories of Loans under Follow-up (-)	734,335	546,402	-
Collections (-)	170,615	149,952	777,200
Write-Offs (-)	-	-	57,671
Sold Portfolio (-) ^(*)	66	792	334,418
Corporate and Commercial Loans	21	716	123,404
Retail Loans	-	10	141,370
Credit Cards	45	66	69,644
Other	-	-	-
Other	64,589	18,373	(41,301)
Current Period End Balance	448,493	390,670	2,486,219
Provision (-)	275,137	250,384	1,733,851
Net Balance on Balance Sheet	173,356	140,286	752,368

(*) Past due receivables amounting to TL335,276 for which TL328,704 of provision had been allocated, is sold for TL43,096 during 2021. After all sales procedures were completed, these past due receivables have been written off from the portfolio.

j.3) Information on foreign currency loans under follow-up:

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectible Loans and Receivables
31 December 2021			
Current Period End Balance	90,621	19,011	181,764
Provision (-)	77,359	12,802	131,304
Net Balance on Balance Sheet	13,262	6,209	50,460
31 December 2020			
Prior Period End Balance	13,274	82,483	206,622
Provision (-)	7,729	57,368	158,053
Net Balance on Balance Sheet	5,545	25,115	48,569

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans (continued):

j) Information on loans under follow-up (Net) (continued):

j.4) Information regarding gross and net amounts of loans under follow-up with respect to user groups:

	Group III Loans and Receivables with Limited Collectability	Group IV Loans and Receivables with Doubtful Collectability	Group V Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	448,493	390,670	2,486,219
Provision (-)	275,137	250,384	1,733,851
Loans to Real Persons and Legal Entities (Net)	173,356	140,286	752,368
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	168,152	313,729	3,020,001
Provision (-)	104,606	198,193	1,991,274
Loans to Real Persons and Legal Entities (Net)	63,546	115,536	1,028,727
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

j.5) Information on interest accruals, rediscounts and valuation differences calculated for non-performing loans and their provisions:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net)	1,434	3,340	34,109
Interest Accruals, Rediscounts and Valuation Differences	45,534	52,087	573,512
Provision (-)	44,100	48,747	539,403
Prior Period (Net)	1,649	2,775	46,489
Interest Accruals, Rediscounts and Valuation Differences	20,070	39,689	637,348
Provision (-)	18,421	36,914	590,859

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

k) Outline of the liquidation policy for losses and other receivables:

Loans and other receivables, which are deemed not possible to be collected according to the "Regulation on Classification of Loans and Provisions and Provisions for Reserves" published in the Official Gazette dated 22 June 2016 and numbered 29750, are fulfilled by the requirements of the Tax Procedure Law in line with the decision taken by the Bank's senior management classified as a loan as a loss.

l) Disclosures regarding the unregistered policy:

Loans that will be subject to write-off are applied for loans that are classified as 5 Group - Loans classified as Bad Debt and provided with life-long expected credit loss provision due to the debtor's default and there is no reasonable expectation of their recovery within the scope of TFRS 9 standard Write-off is an accounting practice and does not result in giving up the right on the receivable. Loans which are written-off do not affect the legal follow-up of the Parent Bank. Indicators are utilized concerning the absence of reasonable expectations regarding the recovery of loans. The write-off is examined on an incident basis with predefined criteria's. And the following write-off criteria's are considered:

- The possibility of recovery is limited: Loans with low collateralization, limited collateral capability, limited assets that provide foreclosure collection, and less than expected cost income for collection are evaluated.
- Financial indicators: Financial indicators evaluating that the entire loan is not capable of recovering are evaluated,
- Long-term follow-up: Those who do not have reasonable collection expectations are evaluated in order to recover the loans that have been pursuing for a long time.

The Bank makes an objective and subjective evaluation while determining whether there is a reasonable expectation. Loans above the threshold amount determined in the Special Loan Provisions Implementation Instruction can be evaluated within the scope of the regulation and written off, regardless of portfolio.

For all portfolios below the threshold amount; All of the loans that meet the following conditions are considered by the Bank as having completely lost their ability to collect, and in this context, they can be written off based on the positive opinion of the relevant units.

- Monitored as non-performing loans for at least 2 years,
- No collection has been made in the last 3 months,
- The absence of a qualified guarantee,
- The income to be obtained from the enforcement/bankruptcy process is very low,
- If there is evidence that the entire receivable cannot be repaid, the portion of the receivable that is deemed unpaid is deducted from the record.

In addition, the Bank part conducts an individual file assessment to determine the collection capability of the relevant receivable for write-off. In this context, the possible collection amount is determined and partial write-off is applied to the part that is deemed not to be paid.

The following practices for the loans bank monitors, although the loans have ben written-off by the Bank, cannot be different from its registered loans.

- The methods applied for legal collection of loans from debtors,
- Decisions to be subjected to the sale of non-performing loans,
- Decisions to waive the credit by waiving the loans.

Within the scope of TFRS 9, the deducted amount during the period is TL 57,671 (31 December 2020: TL 97,496) and its effect on NPL ratio is 0.06% (31 December 2020: 0.12%). The follow-up conversion rate, after deductions, is 3.08% (31 December 2020 4.22%) in the current period frozen loan figures, while the calculated rate including the loans deducted during the year is 3.14% (31 December 2020: 4.34%).

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

m) Other explanations and disclosures:

Current Period	Commercial	Consumer	Credit Cards	Total
Standard Loans	68,148,112	19,586,048	7,079,515	94,813,675
Loans under Close Monitoring	4,206,564	4,389,801	1,087,574	9,683,939
Loans Under Follow-Up	1,274,995	1,808,745	241,642	3,325,382
Total	73,629,671	25,784,594	8,408,731	107,822,996
12 Month Expected Credit Loss (Stage I) (-)	203,624	160,661	64,441	428,726
Significant Increase in Credit Risk (Stage II) (-)	1,091,318	209,746	50,833	1,351,897
Default (Stage III) (-)	849,940	1,221,062	188,370	2,259,372
Total	2,144,882	1,591,469	303,644	4,039,995
Net Credit Balance on the Balance Sheet	71,484,789	24,193,125	8,105,087	103,783,001

Prior Period	Commercial	Consumer	Credit Cards	Total
Standard Loans	50,015,691	16,922,139	4,540,033	71,477,863
Loans under Close Monitoring	4,204,131	3,070,285	677,929	7,952,345
Loans Under Follow-Up	3,096,177	315,522	90,183	3,501,882
Total	57,315,999	20,307,946	5,308,145	82,932,090
12 Month Expected Loss Reserves (Stage I) (-)	176,623	162,525	54,298	393,446
Significant Increase in Credit Risk (Stage II) (-)	1,033,284	263,142	63,826	1,360,252
Default (Stage III) (-)	1,996,399	228,731	68,943	2,294,073
Total	3,206,306	654,398	187,067	4,047,771
Net Credit Balance on the Balance Sheet	54,109,693	19,653,548	5,121,078	78,884,319

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

m) Other explanations and disclosures (continued)

The following is a reclassification of provision for impairment on loans by stage:

Current Period	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non- performing loans (Stage 3)	Total
Commercial				
31 December 2020	176,623	1,033,284	1,996,399	3,206,306
Transfers;				
- Stage 1 to Stage 2	(6,296)	17,266	-	10,970
- Stage 1 to Stage 3	(775)	-	24,630	23,855
- Stage 2 to Stage 3	-	(88,038)	90,252	2,214
- Stage 2 to Stage 1	3,960	(20,577)	-	(16,617)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	104,257	211,577	(874,935)	(559,101)
Collections	(101,505)	(326,605)	(239,832)	(667,942)
Sold Portfolio	-	-	(112,757)	(112,757)
Write-off	-	-	(55,520)	(55,520)
Currency differences	27,360	264,411	21,703	313,474
Total expected credit losses - 31 December 2021	203,624	1,091,318	849,940	2,144,882

Prior Period	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non- performing loans (Stage 3)	Total
Commercial				
31 December 2019	192,135	686,025	2,009,282	2,887,442
Transfers;				
- Stage 1 to Stage 2	(8,724)	49,433	-	40,709
- Stage 1 to Stage 3	(1,029)	-	34,371	33,342
- Stage 2 to Stage 3	-	(70,704)	259,761	189,057
- Stage 2 to Stage 1	2,529	(19,907)	-	(17,378)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	87,699	574,689	141,749	804,137
Collections	(110,444)	(285,376)	(189,132)	(584,952)
Sold Portfolio	-	-	(163,411)	(163,411)
Write-offs	-	-	(96,221)	(96,221)
Currency differences	14,457	99,124	-	113,581
Total expected credit losses - 31 December 2020	176,623	1,033,284	1,996,399	3,206,306

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

m) Other explanations and disclosures (continued)

Current Period

	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non- performing loans (Stage 3)	Total
Consumer				
31 December 2020	162,525	263,142	228,731	654,398
Transfers;				
- Stage 1 to Stage 2	(11,426)	52,675	-	41,249
- Stage 1 to Stage 3	(2,574)	-	71,107	68,533
- Stage 2 to Stage 3	-	(58,101)	114,361	56,260
- Stage 2 to Stage 1	4,100	(35,657)	-	(31,557)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	39,799	59,480	951,475	1,050,754
Collections	(31,763)	(71,793)	(23,338)	(126,894)
Sold Portfolio	-	-	(119,123)	(119,123)
Write-offs	-	-	(2,151)	(2,151)
Currency differences	-	-	-	-
Total expected credit losses - 31 December 2021	160,661	209,746	1,221,062	1,591,469

Prior Period

	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non- performing loans (Stage 3)	Total
Consumer				
31 December 2019	144,831	161,159	250,895	556,885
Transfers;				
- Stage 1 to Stage 2	(9,009)	69,594	-	60,585
- Stage 1 to Stage 3	(1,226)	-	27,155	25,929
- Stage 2 to Stage 3	-	(16,472)	65,561	49,089
- Stage 2 to Stage 1	4,209	(30,446)	-	(26,237)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	72,237	122,632	29,704	224,573
Collections	(48,517)	(43,325)	(18,399)	(110,241)
Sold Portfolio	-	-	(124,910)	(124,910)
Write-offs	-	-	(1,275)	(1,275)
Currency differences	-	-	-	-
Total expected credit losses - 31 December 2020	162,525	263,142	228,731	654,398

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

m) Other explanations and disclosures (continued)

Current Period

	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non- performing loans (Stage 3)	Total
Credit Cards				
31 December 2020	54,298	63,826	68,943	187,067
Transfers;	-	-	-	-
- Stage 1 to Stage 2	(5,019)	26,181	-	21,162
- Stage 1 to Stage 3	(1,490)	-	41,681	40,191
- Stage 2 to Stage 3	-	(19,857)	44,873	25,016
- Stage 2 to Stage 1	6,064	(18,256)	-	(12,192)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	15,726	12,638	92,696	121,060
Collections	(5,138)	(13,699)	-	(18,837)
Sold Portfolio	-	-	(59,823)	(59,823)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
Total expected credit losses - 31 December 2021	64,441	50,833	188,370	303,644

Prior Period

	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non- performing loans (Stage 3)	Total
Credit Cards				
31 December 2019	57,228	46,969	92,368	196,565
Transfers;				
- Stage 1 to Stage 2	(5,373)	35,955	-	30,582
- Stage 1 to Stage 3	(1,144)	-	22,014	20,870
- Stage 2 to Stage 3	-	(5,174)	32,122	26,948
- Stage 2 to Stage 1	6,441	(16,903)	-	(10,462)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	4,183	14,254	22,475	40,912
Collections	(7,037)	(11,275)	-	(18,312)
Sold Portfolio	-	-	(100,036)	(100,036)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
Total expected credit losses - 31 December 2020	54,298	63,826	68,943	187,067

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

m) Other explanations and disclosures (continued)

The fair value of collaterals of non-performing loans, capped with the respective outstanding loan balance as of 31 December 2021 is TL 1,453,443 (31 December 2020: TL 1,902,570).

The fair value of the collateral of non-performing loans that do not exceed the risk:

	Current Period	Prior Period
Mortgage	1,080,929	1,459,066
Vehicle	129,617	118,677
Cash	440	878
Other (*)	242,457	323,949
Total	1,453,443	1,902,570

(*) Other amount includes Treasury backed and Portfolio guaranteed CGF guarantee amounting to TL 242,457 (31 December 2020: TL 323,949).

As of 31 December 2021, the fair value of the collaterals of the customers' total principal risk related to the loans under close monitoring is TL 3,742,470 (31 December 2020: TL 3,911,887).

Fair value of the part of the collaterals of the closely monitored loans that do not exceed the risk:

	Current Period	Prior Period
Mortgage	3,171,659	3,263,239
Vehicle	328,721	282,443
Cash, Government Bonds	207,134	230,542
Other	34,956	135,663
Total	3,742,470	3,911,887

As of 31 December 2021 and 31 December 2020, the details of the commodities and real estates that the bank has acquired for disposal of credit receivables are as follows:

31 December 2021	Commercial	Consumer	Total
Residential, commercial or industrial properties	64,440	1,493	65,933
Other	-	-	-
Total	64,440	1,493	65,933

31 December 2020	Commercial	Consumer	Total
Residential, commercial or industrial properties	108,709	4,150	112,859
Other	-	-	-
Total	108,709	4,150	112,859

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

7. Information on financial assets measured at amortized cost

a) a.1) Information on financial assets measured at amortized cost and subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	2,592,783	5,020,254	2,971,137	1,153,219
Total	2,592,783	5,020,254	2,971,137	1,153,219

a.2) Information on held-to-maturity investments given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	3,025,653	2,970,779	6,698,645	1,171,868
Other	-	-	-	-
Total	3,025,653	2,970,779	6,698,645	1,171,868

Financial assets valued over their amortized cost classified as free warehouse TL 5,942,231 (31 December 2020: TL 528,072).

a.3) Information on held-to-maturity investments given as collateral or blocked:

	Current Period	Prior Period
Government Bonds	19,551,700	12,522,941
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	19,551,700	12,522,941

a.4) Information government debt securities measured at amortized cost:

	Current Period	Prior Period
Debt securities	19,551,700	12,522,941
Quoted on a Stock Exchange	19,551,700	12,522,941
Unquoted	-	-
Impairment Provision (-)	-	-
Total	19,551,700	12,522,941

a.5) Movement of financial assets measured at amortized cost:

	Current Period	Prior Period
Beginning Balance	12,522,941	4,906,618
Foreign Currency Differences on Monetary Assets	841,915	377,092
Purchases During the Year (*)	8,203,718	8,062,415
Disposals Through Sales and Redemptions	(2,016,874)	(823,184)
Impairment Provision (-)	-	-
Closing Balance	19,551,700	12,522,941

(*) Includes rediscount amounts.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

8. Information on associates (Net):

a.1) Information on unconsolidated associates according to Communiqué on Preparing Banks' Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2020: None).

a.2) Explanations on the unconsolidated associates: None (31 December 2020: None).

a.3) Information of consolidated associates: None (31 December 2020: None).

a.4) Information on sector information on consolidated associates: None (31 December 2020: None).

a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2020: None).

9. Information on subsidiaries (Net):

a) Information on shareholders' equity of significant subsidiaries:

Subsidiaries do not use internal capital adequacy assessment approach.

	TEB Faktoring A.Ş.	TEB Yatırım Menkul Değerler A.Ş.	TEB Portföy Yönetimi A.Ş.
Paid-in Capital to be Entitled for Compensation after All Creditors	50,000	28,794	6,860
Reserves	128,429	45,723	6,186
Net income for the period and prior period income	65,359	209,315	27,437
Income/Loss recognized under equity in accordance with TAS	-	-	(233)
Leasehold Improvements on Operational Leases (-)	131	226	1,210
Goodwill and intangible asset and the related deferred tax liability (-)	3,562	5,428	653
Total Common Equity Tier 1 Capital	240,095	278,178	38,387
Provision	5,639	-	-
Total Equity	245,734	278,178	38,387

b) If there is any unconsolidated subsidiary, total equity amount that is lack of subjection to the reasonable justifications of non-consolidate and minimum capital requirement: None (31 December 2020: None).

c) Information on the unconsolidated subsidiaries: None (31 December 2020: None).

d) Information on the consolidated subsidiaries:

d.1) Information on the consolidated subsidiaries:

Title	Address (City/Country)	The Bank's share percentage-If different voting percentage (%)	Other shareholders' share percentage (%)
1 TEB Faktoring A.Ş.	İstanbul/Turkey	100.00	-
2 TEB Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	96.62	3.38
3 TEB Portföy Yönetimi A.Ş.	İstanbul/Turkey	25.60	29.14

Information on the consolidated subsidiaries with the order as presented in the table above:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss ^(*)	Fair Value
1	4,761,834	243,788	6,371	432,969	-	54,321	29,417	-
2	734,110	283,832	6,895	90,635	-	105,250	78,931	-
3	56,836	40,250	5,686	6,577	90	18,042	13,590	-

^(*) These figures are shown per BRSA financial statements as of 31 December 2020.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

9. Information on subsidiaries (Net): (continued)

d.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	115,986	115,986
Movements during the period	-	-
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	-	-
Balance At The End Of The Period	115,986	115,986
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

d.3) Sectoral information on the consolidated subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	43,417	43,417
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	72,569	72,569
Total	115,986	115,986

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2020: None).

e) Information on non-financial subsidiaries that are not consolidated:

TEB ARF Teknoloji A.Ş. was established by the Bank with TL 50,000 paid-in capital and 100% ownership; It was registered in the Trade Registry Gazette on 16 July 2020.

10. Explanations on entities under common control (joint ventures):

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

Entities under common control (joint ventures)	Share of the Parent Bank (%)	Share of the Group (%)	Current Asset	Non-current Asset	Long-term Receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	160,638	70,595	28,577	285,191	(243,408)

b) Accounting method of the reasonable justification of unconsolidated in Joint Ventures that booked on the unconsolidated the Parent Bank's financial statements:

The Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. and it is presented as joint venture in financial statements however, it is carried by cost value since necessary requirements for consolidation is not met.

11. Information on financial lease receivables (Net): None (31 December 2020: None).

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

12. Positive differences related to derivative financial assets for hedging purposes:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	416,239	31,137
Cash Flow Hedge	1,796,596	5,873	650,142	-
Foreign Net Investment Hedge	-	-	-	-
Total	1,796,596	5,873	1,066,381	31,137

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset.

According to cash flow hedges terminated by the Bank, accumulated valuation differences amounted TL 60,244 (31 December 2020: TL 18,266) is recorded under equity as of 31 December 2021 and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

13. Information on tangible assets:

	31 December 2020	Purchases	Sales	Other	31 December 2021
Cost:					
Real estate	109,437	192	-	8,311	117,940
Right of Use	1,009,226	226,348	(232,081)	-	1,003,493
Furniture, Furnishings, Office Machines and Other Securities	989,434	226,903	(50,268)	-	1,166,069
Total Cost	2,108,097	453,443	(282,349)	8,311	2,287,502
	31 December 2020	Purchases	Sales	Other	31 December 2021
Accumulated Depreciation:					
Real estate	54,997	3,225	-	255	58,477
Right of Use Depreciation	539,288	149,208	(116,515)	-	571,981
Furniture, Furnishings, Office Machines and Other Securities	677,620	111,177	(47,257)	-	741,540
Total Accumulated Depreciation	1,271,905	263,610	(163,772)	255	1,371,998
Net Book Value	836,192				915,504

a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None

b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

14. Information on intangible assets:

	31 December 2020	Purchases	Sales	Other	31 December 2021
Cost:					
Other Intangible Assets	553,013	117,925	(1,140)		669,798
Total Cost	553,013	117,925	(1,140)	-	669,798
	31 December 2020	Purchases	Sales	Other	31 December 2021
Accumulated Depreciation:					
Other Intangible Assets	409,334	80,011	(32)	-	489,313
Total Accumulated Depreciation	409,334	80,011	(32)	-	489,313
Net Book Value	143,679				180,485

- a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.
- d) Book value of intangible assets that are restricted or pledged in use: None.
- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis: Not applicable for unconsolidated financial statements.
- i) Information on goodwill:

Following the publication of the BRSA's permission dated 10 February 2011 in the Official Gazette dated 12 February 2011 and numbered 27844, all rights by the termination of the legal personality of Fortis Bank A.Ş. The merger of two banks was realized through the transfer of receivables, liabilities and liabilities to the Bank in the form of ashes. The shareholders of Fortis Bank A.Ş., which was dismissed due to the merger, were given 1.0518 registered TEB shares for each share with a nominal value of TL 1 to be replaced with their existing shares. Since the enterprises subject to this merger are not controlled by the same person or persons before and after the business merger, the transaction has been evaluated within the scope of TFRS 3. In the merger, Fortis Bank A.Ş. has been identified as an acquired business and the fair value of the equity shares subject to the change as a result of the merger, as of 14 February 2011, is taken into account as the transferred price, and the difference between this value and the fair value of the identifiable net assets of Fortis Bank A.Ş. is recognized as goodwill.

j) Beginning and ending balance of the goodwill and movement on goodwill in the current period:

	Current Period	Prior Period
Beginning period	421,124	421,124
Foreign currency differences	-	-
Acquisitions	-	-
Balance at the end of the period	421,124	421,124

15. Information on investment properties: None (31 December 2020: None).

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

I. Explanations and Disclosures Related to the Assets (continued)

16. Information on deferred tax assets:

a) As of 31 December 2021, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL 133,323 (31 December 2020: TL 632,912). There are no tax exemptions or deductions over which deferred tax asset is computed.

b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.

c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

d) Movement of deferred tax:

	Current Period	Prior Period
As of 1 January	632,912	650,094
TFRS 16 Exchange Difference	(133)	-
Deferred Tax Income/(Expense)	(418,942)	114,450
Deferred Tax Accounted Under Equity	(80,514)	(131,632)
Deferred Tax Asset	133,323	632,912

After net off the net deferred tax asset is presented as deferred tax asset on the balance sheet and net deferred tax liability presented as deferred tax liability on balance sheet. The deferred tax income of TL 418,942 is stated under the tax provision in the income statement (31 December 2020: TL 114,450 income). The portion of the deferred tax that is directly attributable to equity which is presented in the table below has been netted within the relevant accounts in the statement of shareholders' equity.

	Current Period	Prior Period
Financial assets fair value through other comprehensive income	29,426	26,926
From hedge accounting	(138,725)	(169,324)
Actuarial gains and losses	28,785	10,766
Total	(80,514)	(131,632)

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

	Current Period	Prior Period
Beginning of Period Cost	112,859	131,362
Accumulated Depreciation at the Beginning of the Period (-)	-	-
Net Book Value	112,859	131,362
Opening Balance	112,859	131,362
Acquired	116,792	137,125
Disposed (-)	166,760	160,897
Impairment (-)	(3,042)	(5,269)
Depreciation Value (-)	-	-
Period End Cost	65,933	112,859
Period End Accumulated Depreciation (-)	-	-
Closing Net Book Value	65,933	112,859

18. Information on other assets:

Other assets of the balance sheet amount to TL 3,315,687 (31 December 2020: TL 2,254,786) and do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations and Disclosures Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	4,278,511	-	14,264,883	11,870,281	96,810	13,847	26,937	-	30,551,269
Foreign Currency Deposits	39,809,581	-	10,242,404	18,190,816	82,942	42,412	70,690	-	68,438,845
Residents in Turkey	37,585,962	-	9,783,843	17,651,543	69,065	31,523	63,345	-	65,185,281
Residents Abroad	2,223,619	-	458,561	539,273	13,877	10,889	7,345	-	3,253,564
Public Sector Deposits	623,121	-	12,318	181,742	-	-	-	-	817,181
Commercial Deposits	5,719,309	-	6,418,755	8,285,262	98,577	47	74,049	-	20,595,999
Other Institutions Deposits	249,537	-	43,734	1,044,713	143,065	89	427	-	1,481,565
Precious Metals Deposits	7,800,209	-	31,527	87,947	12,525	20,060	2,386	-	7,954,654
Bank Deposits	37,570	-	1,962,166	-	-	-	-	-	1,999,736
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	1	-	-	-	-	-	-	-	1
Foreign Banks	37,569	-	1,962,166	-	-	-	-	-	1,999,735
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	58,517,838	-	32,975,787	39,660,761	433,919	76,455	174,489	-	131,839,249

Currency-protected deposit product, the operating rules of which is determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against foreign currency exchange rates, started to be offered to bank customers as of the current accounting period reported. As of 31 December 2021, TL deposit amount includes TL 1,034,667 deposits within this scope.

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	3,343,473	-	13,247,327	9,248,027	174,061	15,303	31,868	-	26,060,059
Foreign Currency Deposits	18,427,496	-	7,600,065	11,882,963	97,381	92,277	52,616	-	38,152,798
Residents in Turkey	17,203,160	-	7,316,504	11,506,796	67,244	42,090	36,070	-	36,171,864
Residents Abroad	1,224,336	-	283,561	376,167	30,137	50,187	16,546	-	1,980,934
Public Sector Deposits	431,997	-	59,843	136,651	8,020	-	-	-	636,511
Commercial Deposits	4,493,650	-	3,953,410	5,879,776	158,781	1,448	13,824	-	14,500,889
Other Institutions Deposits	206,580	-	145,091	539,426	61,442	63	168	-	952,770
Precious Metals Deposits	5,807,140	-	31,022	94,004	15,788	50,503	3,597	-	6,002,054
Bank Deposits	43,796	-	7,424,601	-	-	-	-	-	7,468,397
Central Bank of Turkey	31	-	-	-	-	-	-	-	31
Domestic Banks	8	-	-	-	-	-	-	-	8
Foreign Banks	43,757	-	7,424,601	-	-	-	-	-	7,468,358
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	32,754,132	-	32,461,359	27,780,847	515,473	159,594	102,073	-	93,773,478

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations and Disclosures Related to the Liabilities (continued)

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

b.1) Saving deposits exceeding the limit of insurance:

i) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance

	Under the Guarantee of Insurance ^(*)		Exceeding the Limit of Insurance ^(*)	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits				
Saving Deposits	15,675,439	14,783,424	14,553,028	10,931,481
Foreign Currency Saving Deposits	10,609,693	7,067,339	27,744,894	14,081,460
Other Deposits in the Form of Saving Deposits	2,368,105	2,567,019	4,756,372	2,854,708
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
Total	28,653,237	24,417,782	47,054,294	27,867,649

(*) According to the BRSA's circular no 1584 dated on 23 February 2005, accruals are included in the saving deposit amounts.

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

	Current Period	Prior Period
Foreign Branches' Deposits and Other Accounts	956,353	639,161
Deposits of Controlling Shareholders and Their Close Families	2,749,556	1,130,777
Deposits of Chairman and Members of the Board of Directors and Their Close Families	81,965	66,845
Deposits Obtained Through Illegal Acts Defined in the 282 nd Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Offshore Banking Activities	-	-

2. Information on derivative financial liabilities:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1,360,622	19,529	71,044	6,778
Swap Transactions	2,503,569	104,698	1,977,574	179,821
Futures Transactions	-	124	-	-
Options	131,168	39,467	18,600	6,526
Other	-	-	-	-
Total	3,995,359	163,818	2,067,218	193,125

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations and Disclosures Related to the Liabilities (continued)

3. Information on derivative financial liabilities:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	602,162	47,194	412,907	34,552
From Foreign Banks, Institutions and Funds	-	14,948,409	-	9,300,147
Total	602,162	14,995,603	412,907	9,334,699

As of 31 December 2021, the Bank has borrowings from its related parties amounting to TL 6,057,725 (31 December 2020: TL 3,915,889).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	427,665	6,718,722	412,907	4,859,037
Medium and long-term	174,497	8,276,881	-	4,475,662
Total	602,162	14,995,603	412,907	9,334,699

c) Additional explanations regarding the areas where the Bank's obligations are concentrated:

The Bank diversifies its funding sources with customer deposits, loans from abroad, securities issued and borrowings from money markets. Deposits are the most important source of funding of the Bank and do not present any risk concentration with its stable structure spread over a wide base. Loans received mainly consist of funds obtained from various foreign financial institutions with different features and maturity-interest structure. There is no risk concentration in the bank's funding source.

d) Information on Debt Securities Issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1,194,525	-	4,766,623	-
Treasury Bills	-	-	44,014	-
Total	1,194,525	-	4,810,637	-

4. Funds provided through repurchase transactions:

Information on funds provided through repurchase transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	3,839,747	-	3,830,785	-
Financial Institutions and Organizations	3,839,747	-	3,830,785	-
Other Institutions and Organizations	-	-	-	-
Individuals	-	-	-	-
From Foreign Transactions	-	5,001,962	-	2,717,468
Financial Institutions and Organizations	-	5,001,962	-	2,717,468
Other Institutions and Organizations	-	-	-	-
Individuals	-	-	-	-
Total	3,839,747	5,001,962	3,830,785	2,717,468

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations and Disclosures Related to the Liabilities (continued)

5. Other external funding payables 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:

Other foreign sources item of the balance sheet is TL 9,207,463 (31 December 2020: TL 4,326,675) and does not exceed 10% of the total balance sheet.

6. Explanation on financial lease obligations (Net):

With the "TFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognized under "Tangible Fixed Assets" as an asset (tenure) and under "Liabilities from Leasing" as a liability. Bank has as of 31 December 2021 TL 564,489 (31 December 2020: TL 598,957) Liabilities from Leasing amount.

7. Negative differences table of derivative financial liabilities for hedging purposes:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	84,098	-
Cash Flow Hedge	326,410	4,201	983,837	14,901
Foreign Net Investment Hedge	-	-	-	-
Total	326,410	4,201	1,067,935	14,901

In case the fair value hedge accounting is terminated, any adjustment made to the book value of the hedged financial instrument determined by using the effective interest method within the scope of fair value hedge accounting is amortized through profit or loss until the maturity of the financial instrument.

As of 31 December 2021, there are accumulated valuation differences of TL 60,244 (31 December 2020: TL 18,266) under equity as of 31 December 2021. This amount is spread over the remaining terms of the hedged items by the Bank and transferred to the income statement.

8. Information on provisions:

a) Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: There are no provision on the foreign currency indexed loans that is offset from the loans on the balance sheet (31 December 2020: None).

b) The specific provisions provided for indemnifies non-cash loans or expected credit loss for non-cash loans:

	Current Period	Prior Period
Stage 1	67,930	58,241
Stage 2	233,196	165,265
Stage 3	44,434	87,824
Total	345,560	311,330

c) Liabilities on unused vacation, bonus, health, employee termination benefits:

As of 31 December 2021, the Bank received TL 15,377 (31 December 2020: TL 13,581) allowance, TL 483,683 (31 December 2020: TL 286,464) and TL 249,805 (31 Decemer 2020: TL 168,071) related to the premiums to be paid to bank personnel and TL 37,100 (31 December 2020: TL 37,100) reflected the provision of other personnel expenses to the "Provisions for Employee Rights" account in the financial statements.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations and Disclosures Related to the Liabilities (continued)

8. Information on provisions: (continued)

c) Liabilities on unused vacation, bonus, health, employee termination benefits: (continued)

c.1) Termination Benefits:

In determining the liability, the Bank makes use of independent actuaries and makes assumptions on issues such as discount rate, employee turnover rate and future salary increases. These assumptions are reviewed annually:

	31 December 2021	31 December 2020
Discount rate (%)	20.01	14.50
Estimated inflation rate (%)	16.03	10.03
Salary increase rate over inflation rate (%)	1.00	1.00

Movement of employee termination benefits:

	Current Period	Prior Period
As of 1 January	286,464	192,002
Current service cost	27,651	18,634
Interest cost	40,455	23,390
Reductions and payments	8,134	2,543
Actuarial loss/(gain)	159,604	64,314
Compensations paid	(38,625)	(14,419)
Total	483,683	286,464

c.2) Retirement Benefits:

The employees who have joined the Bank as a consequence of the merger of the Parent Bank and Fortis Bank are members of the "Pension Fund Foundation" established in accordance with the Social Security Law No.506, Article No.20.

The liabilities described in the Retirement Fund Section 3 No. XVI "Explanations on Liabilities related to Rights of Employees" which may arise during the transfer have been calculated by the actuary based on the principles of the related regulation, whereas the liabilities in connection with other social rights and benefits which will not be undertaken by the SSI after the transfer have been calculated by the actuary based on TAS 19 principles. The Bank is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2021 and 31 December 2020. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations and Disclosures Related to the Liabilities (continued)

8. Information on provisions: (continued)

c) Liabilities on unused vacation, bonus, health, employee termination benefits: (continued)

c.2) Pension Rights: (continued)

Within the frame of the assumptions determined:

Period Based Pension and Health Obligations:	31 December 2021	31 December 2020
Net Present Value of Transferrable Retirement Liabilities	(1,450,105)	(1,081,794)
Net Present Value of Transferrable Retirement and Health Contributions	397,240	371,589
General Administration Expenses	(14,501)	(10,818)
Present Value of Pension and Medical Benefits Transferable to SSF ⁽¹⁾	(1,067,366)	(721,023)
Fair Value of Plan Assets ⁽²⁾	3,607,657	2,998,581
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	2,540,291	2,277,558
Non-Transferable Benefits ⁽⁴⁾	(960,056)	(624,502)
Asset Surplus over Total Benefits ((3)-(4))	1,580,235	1,653,056

As of 31 December 2021 and 31 December 2020, the distribution of the fair value of the total assets of the Pension Fund is as follows:

	31 December 2021	31 December 2020
Bank placements	3,368,742	2,804,241
Tangible Assets	121,397	119,573
Other	117,518	74,767
Total	3,607,657	2,998,581

Actuarial assumptions used in the calculation of liabilities excluding the period-based liabilities according to TAS 19 are as follows:

	31 December 2021	31 December 2020
Discount rates	20.01%	14.50%
Inflation expectations	16.03%	10.03%

As of 31 December 2021, health inflation is assumed to be 20% (31 December 2020: 20%) above inflation. It is assumed that the general wage increase and SSI ceiling increase rates will be 25% and 39.9%, respectively, for the year 2022. The CSO 2001 (31 December 2020: CSO 2001) Female/Male mortality table is used to represent expected death (mortality) rates both before and after retirement.

d) Information on other provisions:

	Current Period	Prior Period
Provision for Non-Cash Loans	345,560	311,330
Provision for Legal Cases	79,842	91,772
Provision for Promotions of Credit Cards and Banking Services	17,562	11,935
Other	32,939	52,796
Total	475,903	467,833

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations and Disclosures Related to the Liabilities (continued)

8. Information on provisions: (continued)

d) Information on other provisions (continued)

Below is the reconciliation of impairment provisions for non-cash loans;

Current Period	Standard Qualified Loans (Stage I)	Loans in Close Monitoring (Stage II)	Loans Under Follow-Up (Stage III)	Total
31 December 2020	58,241	165,265	87,824	311,330
Transfers;				
- Stage 1 to Stage 2	(1,178)	6,565	-	5,387
- Stage 1 to Stage 3	(67)	-	914	847
- Stage 2 to Stage 3	-	(1,576)	41,347	39,771
- Stage 2 to Stage 1	-	-	-	-
- Stage 3 to Stage 2	734	(2,554)	-	(1,820)
Transferred within the period	14,255	84,776	(43,567)	55,464
Collections	(16,332)	(95,551)	(51,654)	(163,537)
Write-offs	-	-	-	-
Exchange differences	12,277	76,271	9,571	98,118
Total Expected Loss Reserve 31 December 2021	67,930	233,196	44,435	345,560

Prior Period	Standard Qualified Loans (Stage I)	Loans in Close Monitoring (Stage II)	Loans Under Follow-Up (Stage III)	Total
31 December 2019	55,551	145,818	42,111	243,480
Transfers;				
- Stage 1 to Stage 2	(3,464)	22,238	-	18,774
- Stage 1 to Stage 3	(78)	-	1,489	1,411
- Stage 2 to Stage 3	-	(12,704)	85,543	72,839
- Stage 2 to Stage 1	3,162	(9,071)	-	(5,909)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	15,206	(213)	(35,539)	(20,546)
Collections	(17,063)	(21,075)	(5,780)	(43,918)
Write-offs	-	-	-	-
Exchange differences	4,927	40,272	-	45,199
Total Expected Loss Reserves 31 December 2020	58,241	165,265	87,824	311,330

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations and Disclosures Related to the Liabilities (continued)

9. Explanations on taxes payable:

a) Information on tax provision:

The Bank has no corporate tax liability as of 31 December 2021 (31 December 2020: TL 158,727). As of 31 December 2021, the Bank's total tax and premium debt is TL 240,411 (December 31, 2020: TL 321,406).

b) Information on current tax liability:

	Current Period	Prior Period
Corporate Tax Payable	-	158,727
Taxation on Securities	48,920	45,038
Property Tax	2,875	1,223
Banking Insurance Transaction Tax (BITT)	83,489	50,699
Foreign Exchange Transaction Tax	31,498	4,556
Value Added Tax Payable	16,497	6,365
Other (*)	30,362	28,268
Total	213,641	294,876

(*) Others include income taxes deducted from wages amounting to TL 25,799 (31 December 2020: TL 24,127) and stamp taxes payable amounting to TL 2,061 (31 December 2020: TL 1,761).

c) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	11,566	11,386
Social Security Premiums-Employer	12,598	12,575
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	977	966
Unemployment Insurance-Employer	1,629	1,603
Other	-	-
Total	26,770	26,530

d) Explanations on deferred tax liabilities, if any: The Group does not have any deferred tax liability as of 31 December 2021 (31 December 2020: None).

10. Information on fixed assets payables related to activities held and discontinued for sale: None (31 December 2020: None).

11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

The Bank was issued Subordinated debt instrument on 5 November 2018, which has two Call Dates: falling on the fifth anniversary notes and the Interest Payment Date falling thereafter amounting USD 210 million with the final maturity of 10 years. The interest rate of the issuance is 10.40% per annum and will be continued at the end of the 5th year with an annual interest rate of 6 months Libor + 7.32% after the first early redemption date. The "T2 capital" was provided by BNP Paribas Fortis SA/NV.

The Bank, aligned its Board of Directors' decision dated 8 May 2012, had issued a debt instrument as T2 Capital Subordinated debt instrument with a value of USD 65 million on 14 May 2012 and the debt instrument was redeemed on 14 May 2019 with the decision of the Board of Directors and upon the approval of Banking Regulation and Supervision Agency (BRSA). On 14 May 2019, the Bank issued a subordinated debt security with amount of 60 million EURO with the final maturity of 10 years, with no call till the 5th anniversary of the notes. The Notes have two Call Dates, falling on the fifth anniversary notes and the Interest Payment Date falling thereafter. The interest rate of the issuance is six months Euribor + 7.10% annually. The "T2 capital" was provided by BNP Paribas Fortis SA/NV.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations and Disclosures Related to the Liabilities (continued)

11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any (continued):

On 20 July 2012, the Bank had issued a debt instrument of EUR 100 million as T2 capital and the debt instrument was redeemed on 22 July 2019 after the decision of the relevant Board of Directors and the approval of the BRSA. On 22 July 2019, the Bank issued a subordinated debt security with amount of 100 million EURO, with the final maturity of 10 years, with no call till 5th anniversary of the notes. The Notes have two Call Dates, falling on the fifth anniversary notes and the Interest Payment Date falling the reafter. The interest rate of the issuance is six months Euribor + 7.10% annually. The "T2 capital" was provided by BNP Paribas Fortis SA/NV.

The Bank issued subordinated debt instrument, which has early redemption right on 27 June 2023, with the final maturity of 10 years in the amount of EUR 125 million in 27 June 2018. The interest rate of the issuance is 6-month Euribor + 5.10% per annum. The "T2 capital" was provided by BNP Paribas Fortis S.A./N.V.

The above mentioned four subordinated loans are utilized in-line with the "loan capital" definition of BRSA and will positively affect the capital adequacy ratio of the Bank as well as utilizing long term funding.

Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowing Tools to be Included in Additional Capital Calculation	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments to be Included in the Contribution Capital Calculation	-	7,239,036	-	4,194,951
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	7,239,036	-	4,194,951
Total	-	7,239,036	-	4,194,951

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	7,239,036	-	4,194,951
Branches and Head Office Abroad	-	-	-	-
Total	-	7,239,036	-	4,194,951

12. Information on Shareholders' Equity:

a) Presentation of Paid-in Capital:

	Current Period	Prior Period
Common Stock	2,204,390	2,204,390
Preferred Stock	-	-

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Bank if so amount of registered share capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered Capital System	2,204,390	-

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

II. Explanations and Disclosures Related to the Liabilities (continued)

12. Information on Shareholders' Equity: (continued):

c) Information on share capital increases, their sources and other information on increased capital shares in current period: None.

d) Information on share capital increases from revaluation funds: None.

e) Capital commitments in the last fiscal year and at the end of the following 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:

The income diversified with various business line and related channels/products/sectors, supported with different projects result a sustainable and relatively non-volatile profitability. Besides, interest rate, currency rate and liquidity risk under control are testing with various simulation and these test prevents the risks of effect. The profitability of the Bank is followed up and estimated by the Bank's Planning and Performance Management in short and long term. It is also reported to Asset-Liability Committee and other related organs. As result, current and future negative effect on equity is not occurred and expected.

g) Information on preferred shares: None.

h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	(21,997)	(177,639)	(149,256)	61,169
Foreign Exchange Difference	-	-	-	-
Total	(21,997)	(177,639)	(149,256)	61,169

13. Information on minority interests: None (31 December 2020: None).

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

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Credit Card Expenditure Limits	12,007,806	8,978,512
Asset Purchase and Sale Commitments	11,251,216	3,031,018
Loan Granting Commitments	7,173,859	5,736,570
Payment Commitment for Cheques	2,135,381	1,741,408
Tax and Fund Liabilities from Export Commitments	51,363	47,494
Commitments for Promotions Related with Credit Cards and Banking Activities	5,797	5,767
Time Deposits Purchase and Sale Commitments	-	94,524
Other Irrevocable Commitments	873,254	385,645
Total	33,498,676	20,020,938

b) Possible losses and commitments related to 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.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

III. Explanations and Disclosures Related to the Off-Balance Sheet Items (continued)

1. Information on off-balance sheet liabilities: (continued)

b) Possible losses and commitments related to off-balance sheet items: (continued)

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

	Current Period	Prior Period
Letters of Credit	10,343,834	5,025,525
Bank Acceptances	33,680	16,573
Other Commitments	5,663,908	3,976,672
Other Contingencies	1,396,766	1,043,082
Total	17,438,188	10,061,852

b.2) Guarantees, surety ships, and similar transactions:

	Current Period	Prior Period
Guarantee Letters	13,828,475	9,864,566
Advance Guarantee Letters	3,937,404	2,244,080
Guarantee Letters Given for Customs	662,089	481,964
Temporary Guarantee Letters	616,871	332,396
Other Guarantee Letters	2,050,686	1,261,166
Total	21,095,525	14,184,172

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

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	2,051,917	1,262,302
With Maturity of One Year or Less Than One Year	328,711	94,973
With Maturity of More Than One Year	1,723,206	1,167,329
Other Non-Cash Loans	36,481,796	22,983,722
Total	38,533,713	24,246,024

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

III. Explanations and Disclosures Related to the Off-Balance Sheet Items (continued)

1. Information on off-balance sheet liabilities: (continued)

c.2) Information on sectoral risk breakdown of non-cash loans.

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	26,762	0.32	8,145	0.03	20,404	0.27	22,980	0.14
Farming and raising livestock	25,289	0.30	8,145	0.03	18,338	0.25	22,980	0.14
Forestry	-	-	-	-	-	-	-	-
Fishery	1,473	0.02	-	-	2,066	0.03	-	-
Manufacturing	3,015,251	35.59	12,659,113	42.11	2,294,148	30.66	5,969,293	35.61
Mining and Quarry	162,871	1.92	656,530	2.18	106,832	1.43	295,929	1.77
Production	2,730,960	32.24	11,937,958	39.71	2,109,458	28.20	5,560,042	33.17
Electricity, Gas and Water	121,420	1.43	64,625	0.21	77,858	1.04	113,322	0.68
Construction	1,333,966	15.75	5,512,742	18.34	1,322,830	17.68	3,711,776	22.14
Services	3,914,534	46.21	9,281,790	30.88	3,605,121	48.19	5,095,080	30.39
Wholesale and Retail Trade	2,244,993	26.50	3,625,225	12.06	1,585,385	21.19	2,108,405	12.58
Hotel, Tourism, Food and Beverage Services	128,509	1.52	451,138	1.50	121,734	1.63	105,933	0.63
Transportation and Communication	507,134	5.99	888,727	2.96	416,936	5.57	511,955	3.05
Financial Institutions	400,544	4.73	1,056,623	3.51	463,495	6.20	713,275	4.25
Real Estate and Renting	412,861	4.87	2,191,885	7.29	929,698	12.43	1,410,419	8.41
Self-employment Services	202,745	2.39	1,067,378	3.55	73,121	0.98	243,457	1.45
Education Services	5,272	0.06	595	-	5,517	0.07	336	-
Health and Social Services	12,476	0.15	219	-	9,235	0.12	1,300	0.01
Other	181,019	2.14	2,600,391	8.65	238,923	3.19	1,965,469	11.72
Total	8,471,532	100.00	30,062,181	100.00	7,481,426	100.00	16,764,598	100.00

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

Current Period

Non-cash loans	Stage I		Stage II	
	FC	TL	FC	YP
Letters of guarantee	6,576,177	12,912,708	482,202	1,124,438
Bank acceptances	-	33,680	-	-
Letters of credit	-	10,333,813	-	10,021
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	1,353,507	5,521,330	59,646	126,191
Total	7,929,684	28,801,531	541,848	1,260,650

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

III. Explanations and Disclosures Related to the Off-Balance Sheet Items (continued)

1. Information on off-balance sheet liabilities: (continued)

Prior Period

Non-cash loans	Stage I		Stage II	
	FC	TL	FC	TL
Letters of guarantee	5,499,529	7,423,249	552,798	708,596
Bank acceptances	-	16,573	-	-
Letters of credit	-	4,893,122	-	132,403
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	1,393,047	3,439,901	36,052	150,754
Total	6,892,576	15,772,845	588,850	991,753

The Bank provided a reserve for TL 240,978 (31 December 2020: TL 263,951) of non-cash loans not indemnified which equals to net amounting to TL 44,434 (31 December 2020: TL 87,824)

2. Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Trading	
	Current Period	Current Period	Current Period	Current Period
Types of trading transactions				
Foreign currency related derivative transactions (I):	149,362,128	80,856,033	-	-
Forward transactions	26,910,085	16,798,167	-	-
Swap transactions	114,361,290	58,803,224	-	-
Futures transactions	806,991	1,133,911	-	-
Option transactions	7,283,762	4,120,731	-	-
Interest related derivative transactions (II):	29,272,626	19,509,018	-	-
Forward rate transactions			-	-
Interest rate swap transactions	23,197,546	19,509,018	-	-
Interest option transactions	6,075,080	-	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	2,084,252	2,960,427	-	-
A. Total trading derivative transactions (I+II+III+IV)	180,719,006	103,325,478	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	6,250,067
Cash flow hedges	-	-	29,455,518	17,757,374
Net investment hedges	-	-	-	-
B. Total hedging related derivatives	-	-	29,455,518	24,007,441
Total Derivative Transactions (A+B)	180,719,006	103,325,478	29,455,518	24,007,441

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

III. Explanations and Disclosures Related to the Off-Balance Sheet Items (continued)

2. Information related to derivative financial instruments: (continued)

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible effects on the Bank's financial position, timing of cash flows, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to income statement in the current period because of the agreements:

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

i) Derivative instruments for fair value hedging purposes:

In 2020, the Bank applied fair value hedge accounting in order to avoid the effects of interest rate fluctuations in the market by matching its swap portfolio with its loans and marketable securities. As of 31 December 2021, the Bank has no derivative instruments for hedging purposes.

	Current Period			Prior Period		
	Fair Value			Fair Value		
	Nominal	Asset	Liability	Nominal	Asset	Liability
Cross Currency Swaps	-	-	-	6,250,067	447,376	84,098
Interest Rate Swaps	-	-	-	-	-	-
Total	-	-	-	6,250,067	447,376	84,098

ii) Derivative instruments for cash flow hedge purposes:

The Bank has applied cash flow hedge accounting by matching its swap portfolio with total notional amounting to TL 29,455,518 (31 December 2020: TL 17,757,374) and 1-90 days of maturity deposit portfolio together with selected borrowing portfolio. Effective portion of TL 374,849 (31 December 2020: TL 283,380 credit) credit accounted for under equity is presented after deducting its deferred tax effect of TL 82,051 (31 December 2020: TL 56,676 debit) debit in the financial statements. In 2021, ineffective portion of TL 60,244 (31 December 2020: TL 18,266) income is accounted for under income statement.

	Current Period			Prior Period		
	Fair Value			Fair Value		
	Nominal	Asset	Liability	Nominal	Asset	Liability
Cross Currency Swaps	4,195,454	-	145,122	4,852,334	615,008	471,891
Interest Rate Swaps	25,260,064	1,802,469	185,489	12,905,040	35,134	526,847
Total	29,455,518	1,802,469	330,611	17,757,374	650,142	998,738

3. Credit derivatives and risk exposures on credit derivatives: None.

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 venture: None.

a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.

a.3) The Bank's contingent liabilities resulting from liabilities of other ventures in entities under common control (joint ventures): None.

b) Accounting and presentation of contingent assets and liabilities in the financial statements:

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

III. Explanations and Disclosures Related to the Off-Balance Sheet Items (continued)

4. Explanations on contingent liabilities and assets: (continued)

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 footnotes: As of 31 December 2021, there are no contingent assets that need to be explained (31 December 2020: None).

b.2) A provision is made for contingent liabilities, if realization is probable and the amount can be reliably determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes. The Bank has provided provision amounting to TL 79,842 (31 December 2020: TL 91,772) for various lawsuits filed by various individuals and institutions with high probability of occurrence and cash outflow. This amount is presented under "Other Provisions" in the financial statements.

5. Custodian and intermediary services:

The Bank provides trading and safe keeping services in the name and account of third parties, which are presented in the statement of contingencies and commitments.

6. The information on the Bank's rating by the international rating introductions ^(*):

TEB maintained its position as one of the most highly rated banks in Turkey. As of 31 December 2021, TEB's ratings were as follows:

Moody's Investor Services:

Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b1
Long Term FC Deposits	B2
Short Term FC Deposits	NP
Long Term TL Deposits	B1
Short Term TL Deposits	NP
Outlook	Negative

Fitch Ratings:

Foreign Currency	
Long-term	B+
Short-term	B
Outlook	Negative
Turkish Lira	
Long-term	BB-
Short-term	B
Outlook	Negative
National	AA (tur)
Outlook	Stable
Financial Strength	b+
Shareholder Supported Note	b+

(*) Ratings above are not performed based on the "Communiqué for Authorization and Activities of Rating Institutions" published by the Capital Markets Board.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

IV. Explanations and Disclosures Related to the Statement of Income

1. Explanations on Interest Income

a) Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest income on loans ^(*)				
Short term loans	5,273,365	307,573	3,370,179	221,584
Medium- and long-term loans	5,813,984	292,761	4,697,498	242,614
Interest on loans under follow-up	162,289	-	142,039	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	11,249,638	600,334	8,209,716	464,198

(*) Includes fees and commissions obtained from cash loans amounting to TL 236,001 (31 December 2020: TL 153,388).

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	127,625	299	154,030	475
Foreign banks	7,351	(2,643)	3,470	3,219
Branches and head office abroad	-	-	-	-
Total	134,976	(2,344)	157,500	3,694

c) Information on interest income on marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	218,551	39,211	135,137	43,247
Financial Assets at Fair Value Through Other Comprehensive Income	623,466	86,248	708,300	91,874
Financial Assets Measured at Amortized Cost	1,976,013	163,971	1,078,923	90,253
Total	2,818,030	289,430	1,922,360	225,374

d) Interest Income on Subsidiaries and Associates:

	Current Period	Prior Period
Interest received from Subsidiaries and Associates	59,915	18,548

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

IV. Explanations and Disclosures Related to the Statement of Income (continued)

2. Explanations on Interest Expense

a) Information on interest expense on funds borrowed ^(*):

	Current Period		Prior Period	
	TL	FC	TL	YP
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic banks	66,540	1,187	30,758	4,130
Foreign banks	-	578,580	-	450,938
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	66,540	579,767	30,758	455,068

(*) Includes fees and commission expenses of cash loans amounting to TL 32,784 (31 December 2020: TL 10,870).

b) Information on interest expense on associates and subsidiaries:

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	2,219	1,838

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on securities issued	451,610	-	454,149	-
Total	451,610	-	454,149	-

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

IV. Explanations and Disclosures Related to the Statement of Income (continued)

2. Explanations on Interest Expense (continued)

d) Distribution of interest expenses on deposits based on maturity of deposits:

Current Period		Time Deposits						Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 year	Accumulated Deposits	
TL								
Bank Deposits	-	530,239	-	-	-	-	-	530,239
Saving Deposits	-	2,441,873	1,930,253	16,305	1,718	4,864	-	4,395,013
Public Sector Deposits	-	7,155	32,401	431	-	-	-	39,987
Commercial Deposits	-	871,809	1,107,802	30,705	1,168	5,673	-	2,017,157
Other Deposits	-	11,728	156,674	34,829	10	36	-	203,277
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	3,862,804	3,227,130	82,270	2,896	10,573	-	7,185,673
FC								
Foreign Currency Deposits	-	6,357	73,489	272	189	994	-	81,301
Bank Deposits	-	22	-	-	-	10	-	32
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1	3	1	12	2	-	19
Total	-	6,380	73,492	273	201	1,006	-	81,352
Grand Total	-	3,869,184	3,300,622	82,543	3,097	11,579	-	7,267,025

Prior Period		Time Deposits						Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulated Deposits	
TL								
Bank Deposits	-	178,541	-	-	-	-	-	178,541
Saving Deposits	-	1,219,565	862,589	14,228	4,701	14,788	-	2,115,871
Public Sector Deposits	-	2,002	17,514	768	-	-	-	20,284
Commercial Deposits	-	458,972	599,679	20,442	210	4,987	-	1,084,290
Other Deposits	-	11,147	141,728	4,119	7	36	-	157,037
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	1,870,227	1,621,510	39,557	4,918	19,811	-	3,556,023
FC								
Foreign Currency Deposits	9	19,810	103,064	1,179	510	987	-	125,559
Bank Deposits	-	285	-	-	-	5	-	290
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	238	2,432	470	2,249	1,569	-	6,958
Total	9	20,333	105,496	1,649	2,759	2,561	-	132,807
Grand Total	9	1,890,560	1,727,006	41,206	7,677	22,372	-	3,688,830

3. Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	3,503	3,557
Other	2,933	27,777
Total	6,436	31,334

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

IV. Explanations and Disclosures Related to the Statement of Income (continued)

4. Information on trading gain/loss:

	Current Period	Prior Period
Gains	120,063,152	61,961,748
Gains on capital market operations	288,642	295,308
Gains on derivative financial instruments ⁽¹⁾	29,594,889	15,988,223
Foreign exchange gains	90,179,621	45,678,217
Losses (-)	122,061,119	63,701,409
Losses on capital market operations	354,989	347,599
Losses on derivative financial instruments ⁽¹⁾	32,356,721	17,047,618
Foreign exchange losses	89,349,409	46,306,192

⁽¹⁾ Includes exchange rate fluctuations of hedging transactions 1,501,025 (31 December 2020: TL 804,120 profit), derivative financial instruments exchange rate changes in profit/loss accounts amounting to TL 134,704 (31 December 2020: TL 235,299 profit) net exchange income.

5. Information on other operating income:

Other operating income of the Bank mainly consists of all transaction costs collected from clients and disposal of assets.

6. Provision expenses of banks for loans and other receivables:

a) Allowance for Expected Credit Losses and Other Provisions:

	Current Period	Prior Period
Expected Credit Losses	(31,409)	752,187
12-Month Expected Credit Losses (Stage 1)	9,689	(15,056)
Significant Increase in Credit Risk (Stage 2)	(281,107)	346,150
Credit-Impaired (Stage 3)	240,009	421,093
Impairment Provisions for Securities	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment Provision Related to Investments in Associates, Subsidiaries and Joint Ventures	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other ⁽¹⁾	1,572	(22,683)
Total	(29,837)	729,504

⁽¹⁾ Includes provision reversals amounting to TL 17,149 (31 December 2020: TL 53,259).

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

IV. Explanations and Disclosures Related to the Statement of Income (continued)

7. Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits ⁽¹⁾	37,615	30,148
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	943
Depreciation expenses of fixed assets	263,610	242,619
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	80,011	75,775
Impairment for investments accounted with equity method	-	-
Impairment expenses of assets to be disposed	(3,042)	(5,269)
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	1,351,300	1,107,432
Leasing Expenses on TFRS 16 Exceptions	40,339	32,784
Maintenance expenses	41,680	34,248
Advertisement expenses	85,635	58,856
Other expenses	1,183,646	981,544
Loss on sales of assets	6,878	6,581
Other ⁽²⁾	471,171	438,777
Total	2,207,543	1,897,006

⁽¹⁾ The provision for employment termination benefits is included in the personnel expenses item in the financial statements.⁽²⁾ Includes other premiums and expenses paid to the Savings Deposit Insurance Fund amounting to TL 219,692 (31 December 2020: TL 191,325) and other taxes and fees paid in the amount of TL 208,932 (31 December 2020: TL 179,916).

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

a) The portion of the profit before tax amounting to TL 6,852,393 (31 December 2020: TL 6,146,076) consists of net interest income, while TL 1,385,256 (31 December 2020: TL 1,157,227) consists of net fee and commission income; total operating expenses amount to TL 3,998,008 (31 December 2020: TL 3,448,637).

b) Explanations on discontinued operations profit loss: None.

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

IV. Explanations and Disclosures Related to the Statement of Income (continued)

9. Information on tax provision for continuing and discontinued operations:

a) As of 31 December 2021, current tax expense from continuing operations is TL 166,686 (31 December 2020: TL 486,856) and net deferred tax expense is TL 418,942 (31 December 2020: TL 114,450 income), and current tax income/expense calculated due to discontinued operations in the current period (31 December 2020: None).

b) Deferred tax income on temporary differences resulted from continued operations is TL 418,942 (31 December 2020: TL 114,450).

c) Tax reconciliation:

	Current Period	Prior Period
Profit Before Taxes	2,498,526	1,549,720
Additions	55,825	174,565
Nonallowable Expenses	55,825	50,178
The Effect of Different Tax Rates	-	86,615
Other	-	37,772
Deductions	(211,838)	(31,532)
Dividend Income	(5,083)	(31,532)
Effect of different tax rate	(122,357)	-
Other	(84,398)	-
Taxable Profit/(Loss)	2,342,513	1,692,753
Corporation Tax Rate	25%	22%
Calculated Tax	585,628	372,406
Prior Year Tax Correction	-	-
Tax Charge	585,628	372,406

10. Information on net profit/loss of continuing and discontinued operations:

Net profit of the Bank from the activities carried out as of 31 December 2021, is TL 1,912,898 (31 December 2020: TL 1,177,314) as of 31 December 2021, there is no net profit from discontinued operations (31 December 2020: None).

11. The explanations on net income/loss for the period:

a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (31 December 2020: None).

b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2020: None).

c) Profit/loss attributable to minority interest: None (31 December 2020: None).

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

IV. Explanations and Disclosures Related to the Statement of Income (continued)

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:

	Current Period	Prior Period
Other fees and commissions received		
Card Fees and Commissions	1,338,493	798,932
Insurance Commissions	257,476	178,300
Prepayment Commissions	84,292	48,859
General Limit Revision Commissions	82,751	49,332
Transfer Commissions	55,944	47,613
Fund Management Fees	48,655	50,802
Settlement Expense Provision, Eft, Swift, Agency Commissions	24,368	76,263
Periodic Service Commissions	-	28,225
Other	226,506	222,510
Total	2,118,485	1,500,836
Other fees and commissions paid		
Credit Cards Commissions and Fees	824,306	418,324
Commission and Fees Paid to Correspondent Banks	49,243	38,071
Settlement Expense Provision, Eft, Swift Commissions	33,486	26,989
Other	142,451	113,871
Total	1,049,486	597,255

13. Fees for Services Received from Independent Auditor/Independent Audit Firm:

The fee for services for the reporting period regarding the services received from the independent auditor or independent audit firm in accordance with the decision of the POA dated 26 March 2021 is given in the table below. These fees include the fees for services rendered to the Bank's foreign and domestic subsidiaries and unconsolidated non-financial partnerships.

(Thousand TL amounts excluding VAT)	Current Period	Prior Period
Independent audit fee for the reporting period	5,345	4,060
Fees for tax advisory services	-	-
Fee for other assurance services	119	64
Fees for services other than independent audit	135	120
Total	5,599	4,244

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

V. Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity

- a) The effect of changes in the fair value of financial assets at fair value through profit or loss is recognized in the "Marketable Securities Valuation Differences" account under the equity. The relevant amount is decreased by TL 141,097 in 2021 (31 December 2020: TL 132,443 increased) and change effect to deferred tax is TL 29,548 (31 December 2020: TL 26,935).
- b) Increase in cash flow risk hedging items:
The Bank uses interest rate and cross currency swaps for reducing cash flow risk arising from short term deposit and borrowing. In this context, the effective portion is accounted for under equity in "Hedging Funds" account. The related amount in 2021 increased by TL 658,228 (31 December 2020: TL 829,370 decreased) and the effect of this change to deferred tax is TL 138,725 (31 December 2020: TL 169,324).
- c) Explanations on profit distribution:

It has been resolved in the Ordinary General Assembly dated 26 March 2021 of the Bank, TL 1,177,314 that constitutes the 2020 net balance sheet profit shall be transferred to the Extraordinary Reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL 58,866 as Legal Reserves, TL 935 as special reserves, TL 0.96 (full TL) as profit distributed to the holders of the founder jouissance certificates.

Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date of the accompanying financial statements are authorized for issue.

VI. Explanations and Disclosures Related to Statement of Cash Flows

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

"Other items" amounting to 5,275,040 (31 December 2020: TL 2,387,824) in "Operating profit before changes in operating assets and liabilities" consists of fees and commissions paid and other expenses except for leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

The "net increase in other liabilities" item in the "change in assets and liabilities subject to banking activities" amounting to TL 5,358,059 (31 December 2020: TL 1,014,820 increase) consists of various liabilities, other foreign sources and changes in money markets. "Net increase in other assets" item amounting to TL 9,886,311 (31 December 2020: TL 1,402,056 decrease) consists of changes in blocked reserve requirements, miscellaneous receivables and other assets.

"Other" item amounting to TL 117,925 (31 December 2020: TL 85,089) included in "Net cash flow from investment activities" consists of cash outflows for intangible assets received in the current period.

The effect of the change in foreign exchange rate on cash and cash equivalents includes the foreign exchange rate difference resulting from the conversion of foreign currency cash and cash equivalents to TL at the beginning and end of the period has been realized as TL 2,128,152 for the year 2021 (31 December 2020: TL 1,432,624).

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

VI. Explanations and Disclosures Related to Statement of Cash Flows (continued)

2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, 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 cash flow statement.

Beginning of the period	Current Period	Prior Period
Cash	10,125,205	6,936,877
Cash in TL/Foreign Currency	2,331,352	2,441,969
Central Bank - Unrestricted amount	7,605,582	4,229,448
Other	188,271	265,460
Cash equivalents	13,949,334	11,249,661
Banks	7,771,334	10,409,661
Money market placements	6,178,000	840,000
Total cash and cash equivalents	24,074,539	18,186,538
End of the period	Current Period	Prior Period
Cash	19,904,616	10,125,205
Cash in TL/Foreign Currency	7,473,318	2,331,352
Central Bank - Unrestricted amount	12,202,866	7,605,582
Other	228,432	188,271
Cash equivalents	11,422,605	13,949,334
Banks	11,422,605	7,771,334
Money market placements	-	6,178,000
Total cash and cash equivalents	31,327,221	24,074,539

NOTES AND EXPLANATIONS TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

VII. Explanations and Disclosures Related to Risk Group of the Bank

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

Balance sheet and income/expense items of previous periods are presented as of 31 December 2020.

a) Current Period:

Risk Group Involving The Bank	Subsidiaries, associates and entities under common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of Period	345,966	778	71,698	438,193	741,973	89,477
Balance at End of Period	366,942	1,436	188,387	389,230	1,717,546	129,424
Interest and Commission Income	59,915	34	4,838	3,333	54,971	316

Direct and indirect shareholders of the Group balance above includes TL 188,387 and other entities included in the risk group balance above includes TL 812,103 placement in "Banks".

b) Prior Period:

Risk Group Involving The Bank	Subsidiaries, associates and entities under common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at Beginning of Period	277,729	716	15,616	182,856	248,301	101,145
Balance at End of Period	345,966	778	71,698	438,193	741,973	89,477
Interest and Commission Income	18,548	48	7,595	2,125	15,808	629

Direct and indirect shareholders of the Bank balance above includes TL 71,698 and other entities included in the risk group balance above includes TL 76,533 placement in "Banks".

VII. Explanations and Disclosures Related to Risk Group of the Bank (continued)

c) c.1) Information on related party deposits balances:

c.2) Information on forward and option agreements and other similar agreements made with related parties

d) As of 31 December 2021, the total amount of remuneration and benefits provided for the senior management of the Bank is TL 67,901 (31 December 2020: TL 53,515).

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

	Numbers	Employees
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2. Explanation on the Subject in Case the Bank Opens or Closes a Branch or Representation Office in Turkey and Abroad, and Changes Its Organization Significantly:

The Bank closed 2 branches in 2021, 2 branches were opened during the year.

None.

SECTION SIX

OTHER EXPLANATIONS

I. Other Disclosures Related to the Bank's Activity

None.

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on the Independent Auditor's Report

The unconsolidated financial statements of the Bank were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditor's report dated 8 February 2022 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by the Independent Auditors

None.