

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI  
ANONİM ŞİRKETİ**

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES  
AS OF 31 DECEMBER 2021 WITH AUDITOR'S REPORT**

***(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES  
ORIGINALLY ISSUED IN TURKISH)***



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

**To the General Assembly of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi:**

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

**1. Opinion**

We have audited the accompanying consolidated financial statements of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi (the "Bank"), and its subsidiaries (collectively referred to as the "Group") which comprise the statement of consolidated balance sheet as at 31 December 2021, consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

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

**2. Basis for Qualified Opinion**

As explained in Section Five Part II. As stated in Section 9.3 in the accompanying consolidated financial statements prepared as of 31 December 2021 include a free provision amounting to TL 3,730.000 thousand which consist of TL 3,505.000 thousand provided in prior periods, TL 250.000 thousand recognized in the current year and TL 25.000 thousand reversed in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We declare that we are independent of the Group's in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

<b><i>Key Audit Matters</i></b>	<b><i>How the key audit matter was addressed in the audit</i></b>
<p data-bbox="272 785 773 846"><b><i>Expected credit losses for loans and receivables</i></b></p> <p data-bbox="272 884 857 1325">The Group has total expected credit losses for loans and receivables amounting to TL 32.924.817 thousand in respect to total loans and receivables amounting to TL 874.418.536 thousand which represent a significant portion of the Group’s total assets in its consolidated financial statements as at 31 December 2021. Explanations and notes related to expected credit losses provisions for loans and receivables are presented Section Three VII, Section Three VIII, Section Four II, Section Four VIII-3, Section Five I.7 and Section Five II-9 in the accompanying consolidated financial statements as at 31 December 2021.</p> <p data-bbox="272 1360 870 1864">The Group recognizes provision for impairment in accordance with “IFRS 9 Financial Instruments” (“IFRS 9”) requirements effective in line with the “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided” as published in the Official Gazette dated 22 June 2016 numbered 29750. The Group exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment. The effects of the COVID-19 outbreak increased the importance of these estimates and assumptions used by the Group 's management in determining the loan loss provisions as of 31 December 2021, and the uncertainties caused by these effects were taken into account in the</p>	<p data-bbox="896 884 1495 1136">With respect to stage classification of loans and receivables and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Group including the effects of COVID-19 outbreak within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p data-bbox="896 1171 1490 1738">For important loan portfolios, we checked appropriateness of matters considered in methodology applied by the Group with IFRS 9 for calculation of the provision amount through stage classification of loans and receivables. For forward looking assumptions made by the Group’s management in its expected credit losses calculations including the effects of the COVID-19 pandemic, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, loss given default model, and approaches in relation to projection of macroeconomic expectations including the effects of the COVID-19 outbreak with our financial risk experts.</p> <p data-bbox="896 1774 1471 1864">We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors).</p>



<b>Key Audit Matters</b>	<b>How the key audit matter was addressed in the audit</b>
<p>calculation of expected credit loss using expert opinion.</p> <p>The Group uses complex models derived from more than one system to calculate the expected loan loss provision. Information including past events, current conditions and macroeconomic estimates which are taken into account in expected loss provision accounting should be reasonable and supportable.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loans and receivables balances; the classification of loans and receivables as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans and receivables. Therefore, this area is considered as key audit matter.</p>	<p>Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology made within the year and the performance of the impairment models used.</p> <p>We have checked selected models used in determination of provisions for various loans and receivables portfolios with our financial risk experts by reperforming on a sample selection basis.</p> <p>For a selected sample of loans and receivables, we checked expected credit losses determined based on individual assessment per Group’s policy by means of supporting data, and evaluated appropriateness including areas affected by uncertainties caused by COVID-19 via communications with management.</p> <p>We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</p> <p>For a selected sample, we checked accuracy of resultant expected credit losses calculations.</p> <p>To assess appropriateness of the Group’s determination of staging for credit risk for loans and receivables within the framework of current regulations, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</p> <p>We evaluated the adequacy of the disclosures made in the consolidated financial statements regarding the provision for impairment of loans and receivables.</p>



<b>Key Audit Matters</b>	<b>How the key audit matter was addressed in the audit</b>
<p data-bbox="272 499 472 531"><b>Pension funds</b></p> <p data-bbox="272 564 849 751">Explanations on Valuation of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (“TZHEMSAN”) Foundation are presented in the Section Three XVI in the accompanying consolidated financial statements as at 31 December 2021.</p> <p data-bbox="272 785 854 1388">TZHEMSAN foundation (“Fund”) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President of the Republic is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumptions for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. Evaluation of Fund liabilities include uncertainty of estimates and assumptions such as transferrable social benefits, discount rates, salary increases, economic and demographic assumptions. The Bank’s management uses external actuaries for the purpose of valuations of Fund obligations.</p> <p data-bbox="272 1421 854 1671">During our audit, above mentioned fundamental assumption and estimates used in calculations of Fund obligations, uncertainty of the transfer date, technical interest rate determined by the law and significant impact from differentiation of these assumptions were taken into consideration, and this area is considered as key audit matter.</p>	<p data-bbox="878 564 1487 751">Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation of Fund obligations. In addition, we verified the existence and values of the Fund assets on a sample basis.</p> <p data-bbox="878 785 1492 942">We examined whether significant changes in actuarial assumptions used in calculation, employee benefits in the period, plan assets and liabilities, and regulations related to valuations exist, and tested significant changes.</p> <p data-bbox="878 976 1482 1100">Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p data-bbox="878 1134 1490 1228">In addition to the above procedures, we have checked the disclosures made with respect to Fund obligations in the consolidated financial statements.</p>



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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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



### **Additional Paragraph for Convenience Translation**

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

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

Didem Demer Kaya, SMMM  
Partner  
Istanbul, 15 February 2022



**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED DISCLOSURES WITH AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE**

**THE CONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 DECEMBER 2021**

The Bank's Headquarter Address: Hacıbayram Mahallesi Atatürk Bulvarı  
No: 8 06050-Altındağ/ANKARA  
Phone: (312) 584 20 00  
Facsimile: (312) 584 49 63  
Website: www.ziraatbank.com.tr

The consolidated financial report for the year ended prepared in accordance with the "Communiqué on the Financial Statements and Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the section listed below:

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

Within the framework of this financial report, our consolidated financial statements of subsidiaries, associates and entities under common control are as follows:

**DOMESTIC SUBSIDIARIES**

Ziraat Yatırım Menkul Değerler A.Ş.  
Ziraat Portföy Yönetimi A.Ş.  
Ziraat Katılım Bankası A.Ş.  
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.  
Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.

**ASSOCIATES**

Arap Türk Bankası A.Ş.

**FOREIGN SUBSIDIARIES**

Ziraat Bank International AG  
Ziraat Bank BH d.d.  
Ziraat Bank (Moscow) JSC  
Kazakhstan Ziraat International Bank  
Ziraat Bank Azerbaycan ASC  
Ziraat Bank Montenegro AD  
JSC Ziraat Bank Georgia  
Ziraat Bank Uzbekistan JSC

**ENTITIES UNDER COMMON CONTROL**

Turkmen Turkish Joint Stock Commercial Bank

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

Burhaneddin TANYERİ Chairman of the Board	Alpaslan ÇAKAR Member of the Board, CEO	Fazlı KILIÇ Member of the Board, Member of the Audit Committee
Mahmut KAÇAR Member of the Board, Member of the Audit Committee	Emrah GÜNDÜZ Assistant General Manager for Banking Operations and Corporate Communications	Rehber BİRKAN Senior Vice President of Financial Coordination

For the questions regarding this financial report, contact details of the personnel in charge are presented below:

Name/Title : Serkan ÖZKAN / Financial Statements and Budget Analysis Manager  
Telephone Number : 0312 584 59 32  
Fax Number : 0312 584 59 38

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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

**SECTION ONE**

**GENERAL INFORMATION ABOUT THE PARENT BANK**

**I. HISTORY OF THE PARENT BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS**

The foundation of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (“Ziraat Bankası” or “The Parent Bank”) is based on Government Funds established in 1863. In 1883, Government Funds were replaced with Benefit Funds. The Parent Bank was officially established by the re-organization of the Benefit Funds in 1888, to grant loans to farmers, to accept interest-bearing deposits and to act as a moneylender and an intermediary for agricultural operations. All shares of the Parent Bank, which was given the authority to perform all banking activities, belonged to the Republic of Turkey Prime Ministry Undersecretariat of Treasury (“Treasury”) transferred to the Turkish Wealth Fund with the decision of the Council of Ministers numbered 2017/9756 dated 24 January 2017. The Parent Bank’s head office is located in Ankara.

**II. EXPLANATION ABOUT THE PARENT BANK’S CAPITAL STRUCTURE, SHAREHOLDERS OF THE PARENT 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 PARENT BANK BELONGS TO**

The total share capital of the Parent Bank is TL 13.100.000. This capital is divided into 13.100.000.000 registered share with a nominal value of TL 1 each and is fully paid. The Parent Bank’s sole shareholder is the Turkish Wealth Fund.

**III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, CEO AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS**

<b>Name</b>	<b>Administrative Function</b>
<b>Members of the Board of Directors</b>	
Burhaneddin TANYERI <sup>(1)</sup>	Chairman
Alpaslan ÇAKAR <sup>(2)</sup>	CEO and Member
Veysi KAYNAK	Vice Chairman and Member
Dr. Ahmet GENÇ	Member
Faruk CELİK	Member
Fazlı KILIÇ <sup>(3)</sup>	Member
Feyzi ÇUTUR	Member
Mahmut KAÇAR	Member
Serruh KALELİ	Member
<b>Audit Committee Members</b>	
Fazlı KILIÇ <sup>(4)</sup>	Member
Mahmut KAÇAR	Member
<b>Executive Vice Presidents</b>	
Cüneyt SAĞLIK <sup>(5)</sup>	Payment Systems and Credit Processes
Emrah GÜNDÜZ <sup>(5)</sup>	Banking Operations and Corporate Communications
Ferhat PIŞMAF <sup>(5)</sup>	Corporate Banking
Mehmet Şikrî TAŞCI <sup>(5)</sup>	Credit Allocation and Management
Recep TÜRK <sup>(5)</sup>	Credit Risk Monitoring and Liquidation
Yüksel CESUR	Retail Banking

<sup>(1)</sup> At the Bank’s Ordinary General Assembly meeting held on March 26, 2021, he was elected to the Board of Directors to replace Yusuf Bilmez, was appointed as the Chairman of the Board of Directors to replace Dr. Ahmet Genç, and started his duty as of March 29, 2021.

<sup>(2)</sup> In the Ordinary General Assembly meeting of the Parent Bank held on 26 March 2021, he was appointed as the General Manager instead of Hüseyin Aydın.

<sup>(3)</sup> He was appointed to replace Mehmet Nihat Ömeroğlu at the Ordinary General Assembly Meeting of the Parent Bank held on March 26, 2021 and commenced his duty as of March 29, 2021.

<sup>(4)</sup> He was appointed on April 25, 2021 and commenced his duty on the same date.

<sup>(5)</sup> He was appointed on April 9, 2021 and commenced his duty on the same date.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED  
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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

**GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)**

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

<b>Name/Trade Name</b>	<b>Amount of Share</b>	<b>Percentage of Share (%)</b>	<b>Paid-in Shares</b>	<b>Unpaid Shares</b>
Turkish Wealth Fund	13.100.000	100	13.100.000	-

The Parent Bank's sole shareholder is the Turkish Wealth Fund.

**V. SUMMARY INFORMATION ON THE PARENT BANK'S ACTIVITIES AND SERVICES**

The purpose of activity of the Parent Bank is stated in articles of association as to perform all kinds of banking activities including acceptance of deposits. For this purpose, the Parent Bank can perform all sorts of operations, without prejudice to the provisions of banking regulations and other legislations, such as launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, acting as an intermediary in trade and issue of the financial instruments that are used in local and international markets, performing investment banking transactions, forwards dealing in domestic and foreign futures markets, providing funds from interbank money market, domestic and foreign markets, making all kinds of capital market transactions, acting as an intermediary in export and import transactions, acting as an agency for insurance and other financial institutions, participating in all sort of partnership that is founded by domestic or foreign banks or participated by them within the terms of the related legislation or establishing new partnerships for this purpose, performing all kinds of transactions, such as; acquiring limited real and personal claims like all kinds of movable and immovable goods, industrial and intellectual properties, right of usufruct, easement, superficies and disposing and transferring acquired properties and rights, placing pledge and mortgage on those properties and rights, releasing pledged and mortgaged items and declaring leasing agreements and sale commitments to the registry office.

As of 31 December 2021, the Parent Bank carries its activities with a grand total of 1.727 branches; 1.639 domestic branches including 17 corporate branches, 61 commercial branches, 1.639 branches and 10 mobile branches (31 December 2020: 1.728 domestic branches including 1.639 branches, 19 corporate branches, 65 entrepreneurial branches, 5 mobile branches) and 24 branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali, Varna and Burgas branches in Bulgaria, Jeddah branch in Saudi Arabia, Prishtina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkinköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. In addition to 25 branches and a total of 1,752 branches, the Parent Bank also has 1 representative office in Tehran, Iran.

The Parent Bank and the consolidated subsidiaries in Note III of Section Three are referred to 'Group'.

As of 31 December 2021, the Group has 27.447 employees (31 December 2020: 27.161).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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**GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)**

**VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED 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**

According to Communiqué regarding the Preparation of the Consolidated Financial Statements and Turkish Accounting Standards, Arap Türk Bankası A.Ş., one of the associates of the Parent Bank, and Turkmen Turkish Joint Stock Commercial Bank, entity under common control of the Parent Bank, is accounted by using equity method in the consolidated financial statements of the Parent Bank.

As Ziraat Teknoloji A.Ş. is one of the non-financial subsidiaries of the Parent Bank, is not consolidated in the consolidated financial statements of the Parent Bank in accordance with Communiqué of the Preparation Consolidated Financial Statements. Moreover, Platform Ortak Karlı Sistemler A.Ş. and Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş. are non-financial associates of the Parent Bank which are kept at cost value are not consolidated in the consolidated financial statements. Central Oto Kiralama A.Ş., ZG Tarım Piyasaları A.Ş., ZG Tarım ve Hayvancılık Yatırımları A.Ş., which are subsidiaries of Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş. and its subsidiaries, ZY Elektrikli Traktör San. ve Tic. A.S. and MESA İmalat Sanayi ve Ticaret A.Ş. as they are not financial institutions, they are not consolidated. All other associates and subsidiaries are fully consolidated. Rinerji Rize Elektrik Üretim A.Ş., which was previously included in subsidiaries, and Keskinöğlü Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş., which was included in the affiliates, are classified under the fixed assets held for sale in the current period within the scope of the BRSA's Uniform Chart of Accounts amendments.

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

None.

## SECTION TWO

### Consolidated Financial Statements

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

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

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

I- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) ASSETS		Note (Section Five I)	Current Period 31 December 2021			Prior Period 31 December 2020		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>FINANCIAL ASSETS (NET)</b>		<b>165.396.524</b>	<b>401.313.694</b>	<b>566.710.218</b>	<b>121.644.985</b>	<b>190.978.231</b>	<b>312.623.216</b>
<b>1.1</b>	<b>Cash and Cash Equivalents</b>		<b>27.946.723</b>	<b>218.366.784</b>	<b>246.313.507</b>	<b>9.547.307</b>	<b>95.419.691</b>	<b>104.966.998</b>
1.1.1	Cash and Balances with Central Bank	(1)	26.386.921	201.162.438	227.549.359	8.366.406	86.579.819	94.946.225
1.1.2	Banks	(4)	765.446	16.770.195	17.535.641	581.355	8.848.805	9.430.160
1.1.3	Money Market Receivables		799.134	450.634	1.249.768	603.790	-	603.790
1.1.4	Expected Loss Provision (-)		4.778	16.483	21.261	4.244	8.933	13.177
<b>1.2</b>	<b>Financial Assets at Fair Value Through Profit or Loss</b>	(2)	<b>2.020.029</b>	<b>26.531.093</b>	<b>28.551.122</b>	<b>14.810.177</b>	<b>543.939</b>	<b>15.354.116</b>
1.2.1	Government Debt Securities		154.528	25.561.364	25.715.892	13.782.465	9.300	13.791.765
1.2.2	Equity Investments		25.041	-	25.041	16.486	527.069	543.555
1.2.3	Other Financial Assets		1.840.460	969.729	2.810.189	1.011.226	7.570	1.018.796
<b>1.3</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	(5),(6)	<b>124.979.090</b>	<b>154.798.964</b>	<b>279.778.054</b>	<b>94.339.957</b>	<b>92.900.367</b>	<b>187.240.324</b>
1.3.1	Government Debt Securities		123.483.145	153.859.483	277.342.628	89.811.384	91.006.417	180.817.801
1.3.2	Equity Investments		313.821	51.962	365.783	242.135	31.702	273.837
1.3.3	Other Financial Assets		1.182.124	887.519	2.069.643	4.286.438	1.862.248	6.148.686
<b>1.4</b>	<b>Derivative Financial Assets</b>	(3)	<b>10.450.682</b>	<b>1.616.853</b>	<b>12.067.535</b>	<b>2.947.544</b>	<b>2.114.234</b>	<b>5.061.778</b>
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		10.450.682	1.616.853	12.067.535	2.947.544	2.114.234	5.061.778
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II.</b>	<b>FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>		<b>558.002.814</b>	<b>329.838.000</b>	<b>887.840.814</b>	<b>484.765.513</b>	<b>187.483.096</b>	<b>672.248.609</b>
2.1	Loans	(7)	569.903.237	294.948.693	864.851.930	489.100.046	168.409.928	657.509.974
2.2	Lease Receivables	(12)	4.090.120	5.476.486	9.566.606	2.851.377	2.294.800	5.146.177
2.3	Factoring Receivables		-	18.204	18.204	-	-	-
2.4	Other Financial Assets Measured at Amortized Cost	(8)	14.359.307	31.979.718	46.339.025	12.466.614	18.153.867	30.620.481
2.4.1	Government Debt Securities		14.243.051	31.755.026	45.998.077	12.379.588	18.095.133	30.474.721
2.4.2	Other Financial Assets		116.256	224.692	340.948	87.026	58.734	145.760
2.5	Expected Credit Loss (-)		30.349.850	2.585.101	32.934.951	19.652.524	1.375.499	21.028.023
<b>III.</b>	<b>NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)</b>	(15)	<b>5.426.813</b>	<b>23.474</b>	<b>5.450.287</b>	<b>5.336.119</b>	<b>-</b>	<b>5.336.119</b>
3.1	Held for Sale Purpose		5.426.813	23.474	5.450.287	5.336.119	-	5.336.119
3.2	Held from Discontinued Operations		-	-	-	-	-	-
<b>IV.</b>	<b>EQUITY INVESTMENTS</b>		<b>1.226.842</b>	<b>513.257</b>	<b>1.740.099</b>	<b>1.277.395</b>	<b>207.948</b>	<b>1.485.343</b>
<b>4.1</b>	<b>Investments in Associates (Net)</b>	(9)	<b>466.171</b>	<b>10.087</b>	<b>476.258</b>	<b>550.810</b>	<b>3.445</b>	<b>554.255</b>
4.1.1	Associates Valued Based on Equity Method		205.959	-	205.959	293.250	-	293.250
4.1.2	Unconsolidated Associates		260.212	10.087	270.299	257.560	3.445	261.005
<b>4.2</b>	<b>Subsidiaries (Net)</b>	(10)	<b>641.049</b>	<b>16.416</b>	<b>657.465</b>	<b>726.585</b>	<b>9.541</b>	<b>736.126</b>
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		641.049	16.416	657.465	726.585	9.541	736.126
<b>4.3</b>	<b>Entities under Common Control (Joint Ventures) (Net)</b>	(11)	<b>119.622</b>	<b>486.754</b>	<b>606.376</b>	<b>-</b>	<b>194.962</b>	<b>194.962</b>
4.3.1	Joint Ventures Valued Based on Equity Method		119.622	486.754	606.376	-	194.962	194.962
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V.</b>	<b>PROPERTY AND EQUIPMENT (Net)</b>	(16)	<b>12.308.429</b>	<b>1.191.686</b>	<b>13.500.115</b>	<b>11.099.870</b>	<b>403.960</b>	<b>11.503.830</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS (Net)</b>	(19)	<b>1.555.241</b>	<b>121.892</b>	<b>1.677.133</b>	<b>1.147.667</b>	<b>66.466</b>	<b>1.214.133</b>
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		1.555.241	121.892	1.677.133	1.147.667	66.466	1.214.133
<b>VII.</b>	<b>INVESTMENT PROPERTY (Net)</b>	(14)	<b>1.268.500</b>	<b>-</b>	<b>1.268.500</b>	<b>477.790</b>	<b>-</b>	<b>477.790</b>
<b>VIII.</b>	<b>CURRENT TAX ASSET</b>		<b>24.273</b>	<b>56.563</b>	<b>80.836</b>	<b>23.394</b>	<b>5.688</b>	<b>29.082</b>
<b>IX.</b>	<b>DEFERRED TAX ASSET</b>	(20)	<b>2.943.674</b>	<b>47.845</b>	<b>2,991,519</b>	<b>856,992</b>	<b>5,120</b>	<b>862,112</b>
<b>X.</b>	<b>OTHER ASSETS (Net)</b>	(22)	<b>9,463,237</b>	<b>2,811,122</b>	<b>12,274,359</b>	<b>9,414,878</b>	<b>3,337,809</b>	<b>12,752,687</b>
<b>TOTAL ASSETS</b>			<b>757,616,347</b>	<b>735,917,533</b>	<b>1,493,533,880</b>	<b>636,044,603</b>	<b>382,488,318</b>	<b>1,018,532,921</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

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

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

II- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) LIABILITIES		Note (Section Five II)	Current Period 31 December 2021			Prior Period 31 December 2020		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	(1)	<b>409.476.012</b>	<b>642.384.689</b>	<b>1.051.860.701</b>	<b>331.229.660</b>	<b>363.608.580</b>	<b>694.838.240</b>
<b>II.</b>	<b>FUNDS BORROWED</b>	(3)	<b>500.906</b>	<b>60.439.925</b>	<b>60.940.831</b>	<b>1.393.770</b>	<b>35.774.781</b>	<b>37.168.551</b>
<b>III.</b>	<b>MONEY MARKETS BORROWINGS</b>	(4)	<b>143.430.704</b>	<b>37.053.037</b>	<b>180.483.741</b>	<b>94.932.803</b>	<b>23.569.739</b>	<b>118.502.542</b>
<b>IV.</b>	<b>SECURITIES ISSUED (Net)</b>	(5)	<b>5.157.858</b>	<b>25.151.722</b>	<b>30.309.580</b>	<b>5.027.603</b>	<b>13.346.012</b>	<b>18.373.615</b>
4.1	Bills		-	97.988	97.988	-	-	-
4.2	Asset Backed Securities		4.156.876	-	4.156.876	4.017.250	-	4.017.250
4.3	Bonds		1.000.982	25.053.734	26.054.716	1.010.353	13.346.012	14.356.365
<b>V.</b>	<b>FUNDS</b>		<b>31.956</b>	<b>-</b>	<b>31.956</b>	<b>6.053.060</b>	<b>-</b>	<b>6.053.060</b>
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		31.956	-	31.956	6.053.060	-	6.053.060
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	<b>1.273.552</b>	<b>2.428.525</b>	<b>3.702.077</b>	<b>1.464.562</b>	<b>2.022.399</b>	<b>3.486.961</b>
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		1.273.552	2.428.525	3.702.077	1.464.562	2.022.399	3.486.961
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII.</b>	<b>FACTORING LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX.</b>	<b>LEASE LIABILITIES (Net)</b>	(7)	<b>948.398</b>	<b>114.129</b>	<b>1.062.527</b>	<b>879.435</b>	<b>121.928</b>	<b>1.001.363</b>
<b>X.</b>	<b>PROVISIONS</b>	(9)	<b>9.278.734</b>	<b>512.274</b>	<b>9.791.008</b>	<b>7.265.341</b>	<b>245.485</b>	<b>7.510.826</b>
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		1.766.511	11.961	1.778.472	1.569.882	7.193	1.577.075
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		7.512.223	500.313	8.012.536	5.695.459	238.292	5.933.751
<b>XI.</b>	<b>CURRENT TAX LIABILITY</b>	(10)	<b>1.661.061</b>	<b>19.120</b>	<b>1.680.181</b>	<b>1.769.112</b>	<b>6.951</b>	<b>1.776.063</b>
<b>XII.</b>	<b>DEFERRED TAX LIABILITY</b>	(10)	<b>-</b>	<b>21.837</b>	<b>21.837</b>	<b>-</b>	<b>7.128</b>	<b>7.128</b>
<b>XIII.</b>	<b>LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)</b>	(11)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Held from Discontinued Operations		-	-	-	-	-	-
<b>XIV.</b>	<b>SUBORDINATED DEBT INSTRUMENTS</b>	(12)	<b>-</b>	<b>22.741.964</b>	<b>22.741.964</b>	<b>-</b>	<b>13.816.234</b>	<b>13.816.234</b>
14.1	Loans		-	1.314.363	1.314.363	-	768.037	768.037
14.2	Other Debt Instruments		-	21.427.601	21.427.601	-	13.048.197	13.048.197
<b>XV.</b>	<b>OTHER LIABILITIES</b>	(6)	<b>24.089.118</b>	<b>5.675.240</b>	<b>29.764.358</b>	<b>15.978.625</b>	<b>4.946.160</b>	<b>20.924.785</b>
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(13)	<b>107.946.273</b>	<b>(6.803.154)</b>	<b>101.143.119</b>	<b>93.066.833</b>	<b>2.006.720</b>	<b>95.073.553</b>
16.1	Paid-in capital		13.100.000	-	13.100.000	13.100.000	-	13.100.000
16.2	Capital Reserves		-	-	-	(17.745)	-	(17.745)
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	(17.745)	-	(17.745)
16.3	Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss		8.693.884	60.178	8.754.062	5.619.524	(32.697)	5.586.827
16.4	Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		9.797.763	(9.020.047)	777.716	3.563.047	956.629	4.519.676
16.5	Profit Reserves		66.408.996	2.156.715	68.565.711	57.638.040	1.082.788	58.720.828
16.5.1	Legal Reserves		5.611.495	65.239	5.676.734	5.111.485	33.686	5.145.171
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		60.658.319	63.332	60.721.651	52.389.601	36.080	52.425.681
16.5.4	Other Profit Reserves		139.182	2.028.144	2.167.326	136.954	1.013.022	1.149.976
16.6	Profit or (Loss)		8.355.475	-	8.355.475	13.159.432	-	13.159.432
16.6.1	Prior Periods' Profit or (Loss)		436.497	-	436.497	3.507.980	-	3.507.980
16.6.2	Current Period Profit or (Loss)		7.918.978	-	7.918.978	9.651.452	-	9.651.452
16.7	Minority Interest		1.590.155	-	1.590.155	4.535	-	4.535
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>703.794.572</b>	<b>789.739.308</b>	<b>1.493.533.880</b>	<b>559.060.804</b>	<b>459.472.117</b>	<b>1.018.532.921</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS  
AS OF 31 DECEMBER 2021**

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

III. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 December 2021			Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
<b>I. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>248.130.209</b>	<b>701.019.633</b>	<b>949.149.842</b>	<b>202.622.377</b>	<b>429.001.864</b>	<b>631.624.241</b>
<b>GUARANTEES AND WARRANTIES</b>	(1,3)	<b>64.309.001</b>	<b>227.996.203</b>	<b>292.305.204</b>	<b>50.318.190</b>	<b>109.735.813</b>	<b>160.054.003</b>
1.1 Letters of Guarantee		61.275.279	145.438.377	206.713.656	48.991.834	75.714.828	124.706.662
1.1.1 Guarantees Subject to State Tender Law		2.086.436	30.435.739	32.522.175	1.463.827	16.510.251	17.974.078
1.1.2 Guarantees Given for Foreign Trade Operations		52.152.951	76.521.243	128.674.194	41.641.970	37.911.310	79.553.280
1.1.3 Other Letters of Guarantee		7.035.892	38.481.395	45.517.287	5.886.037	21.293.267	27.179.304
1.2 Bank Acceptances		211.032	11.757.674	11.968.706	122.254	7.088.274	7.210.528
1.2.1 Import Letter of Acceptance		211.032	11.754.283	11.965.315	122.254	7.087.381	7.209.635
1.2.2 Other Bank Acceptances		-	3.391	3.391	-	893	893
1.3 Letters of Credit		866.296	64.310.028	65.176.324	997.868	23.665.410	24.663.278
1.3.1 Documentary Letters of Credit		866.296	64.179.015	65.045.311	997.868	23.562.686	24.560.554
1.3.2 Other Letters of Credit		-	131.013	131.013	-	102.724	102.724
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		1.942.394	4.067.073	6.009.467	99.000	1.421.463	1.520.463
1.5.1 Endorsements to the Central Bank of Turkey		1.942.394	4.067.073	6.009.467	99.000	1.421.463	1.520.463
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		14.000	2.419.706	2.433.706	98.155	1.841.367	1.939.522
1.9 Other Collaterals		-	3.345	3.345	-	-	13.550
<b>II. COMMITMENTS</b>		<b>113.896.111</b>	<b>44.445.609</b>	<b>158.341.720</b>	<b>78.266.567</b>	<b>29.605.559</b>	<b>107.872.126</b>
2.1 Irrevocable Commitments	(1,3)	113.896.111	26.387.386	140.283.497	78.266.567	21.595.365	99.861.932
2.1.1 Asset Purchase Commitments		6.171.884	18.645.704	24.817.588	96.533	14.155.920	14.252.453
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		3.150	-	3.150	3.150	-	3.150
2.1.4 Loan Granting Commitments		22.868.861	60.618	22.929.479	14.666.903	63.612	14.730.515
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques Payments		7.058.090	76	7.058.166	5.098.792	83	5.098.875
2.1.8 Tax and Fund Liabilities from Export Commitments		22.637	-	22.637	-	-	16.428
2.1.9 Commitments for Credit Card Limits		61.848.867	65.822	61.914.689	44.638.928	38.696	44.677.624
2.1.10 Commitments for Credit Cards and Banking Services Promotions		102.027	-	102.027	68.632	-	68.632
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		15.820.595	7.615.166	23.435.761	13.677.201	7.337.054	21.014.255
2.2 Revocable Commitments		-	18.058.223	18.058.223	-	8.010.194	8.010.194
2.2.1 Revocable Loan Granting Commitments		-	501.351	501.351	-	205.122	205.122
2.2.2 Other Revocable Commitments		-	17.556.872	17.556.872	-	7.805.072	7.805.072
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>69.925.097</b>	<b>428.577.821</b>	<b>498.502.918</b>	<b>74.037.620</b>	<b>289.660.492</b>	<b>363.698.112</b>
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		69.925.097	428.577.821	498.502.918	74.037.620	289.660.492	363.698.112
3.2.1 Forward Foreign Currency Buy/Sell Transactions		5.484.022	8.215.000	13.699.022	2.355.332	2.663.655	5.018.987
3.2.1.1 Forward Foreign Currency Transactions-Buy		2.461.616	4.354.090	6.815.706	1.527.355	1.008.721	2.536.076
3.2.1.2 Forward Foreign Currency Transactions-Sell		3.022.406	3.860.910	6.883.316	827.977	1.654.934	2.482.911
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		64.441.075	410.366.391	474.807.466	71.018.140	286.360.907	357.379.047
3.2.2.1 Foreign Currency Swap-Buy		4.980.360	194.149.164	199.129.524	6.051.965	145.831.548	151.883.513
3.2.2.2 Foreign Currency Swap-Sell		59.090.715	131.942.283	191.032.998	63.436.175	87.634.053	151.070.228
3.2.2.3 Interest Rate Swap-Buy		185.000	42.137.472	42.322.472	765.000	26.447.653	27.212.653
3.2.2.4 Interest Rate Swap-Sell		185.000	42.137.472	42.322.472	765.000	26.447.653	27.212.653
3.2.3 Foreign Currency, Interest rate and Securities Options		-	9.996.430	9.996.430	-	-	-
3.2.3.1 Foreign Currency Options-Buy		-	4.998.463	4.998.463	-	-	-
3.2.3.2 Foreign Currency Options-Sell		-	4.997.967	4.997.967	-	-	-
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	664.148	635.930	1.300.078
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	635.930	635.930
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	664.148	-	664.148
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>2.023.689.677</b>	<b>621.895.957</b>	<b>2.645.585.634</b>	<b>2.563.869.791</b>	<b>325.299.145</b>	<b>2.889.168.936</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>268.786.682</b>	<b>128.563.910</b>	<b>397.350.592</b>	<b>1.179.135.773</b>	<b>66.865.796</b>	<b>1.246.001.569</b>
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		18.330.909	54.004.146	72.335.055	17.451.168	31.490.162	48.941.330
4.3 Checks Received for Collection		25.347.206	5.545.781	30.892.987	17.101.252	2.429.665	19.530.917
4.4 Commercial Notes Received for Collection		21.658.335	2.033.670	23.692.005	14.356.213	1.383.849	15.740.062
4.5 Other Assets Received for Collection		8.816	-	8.816	-	-	8.816
4.6 Assets Received for Public Offering		178.476.218	811.746	179.287.964	1.100.163.673	2.864	1.100.166.537
4.7 Other Items Under Custody		24.963.549	62.095.577	87.059.126	30.053.002	28.659.397	58.712.399
4.8 Custodians		1.649	4.072.990	4.074.639	1.649	2.899.859	2.901.508
<b>V. PLEDGES RECEIVED</b>		<b>1.752.586.741</b>	<b>485.083.577</b>	<b>2.237.670.318</b>	<b>1.383.210.835</b>	<b>254.082.953</b>	<b>1.637.293.788</b>
5.1 Marketable Securities		5.674.092	2.855.088	8.529.180	7.177.865	1.570.333	8.748.198
5.2 Guarantee Notes		26.821.920	15.320.366	42.142.286	16.760.456	7.021.330	23.781.786
5.3 Commodity		3.823.143	2.359.395	6.182.538	3.110.331	923.024	4.033.355
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		1.407.801.570	291.014.842	1.698.816.412	1.103.157.094	158.200.995	1.261.358.089
5.6 Other Pledged Items		308.460.807	173.485.771	481.946.578	252.999.880	86.339.640	339.339.520
5.7 Pledged Items-Depository		5.209	48.115	53.324	5.209	27.631	32.840
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>2.316.254</b>	<b>8.248.470</b>	<b>10.564.724</b>	<b>1.523.183</b>	<b>4.350.396</b>	<b>5.873.579</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>2.271.819.886</b>	<b>1.322.915.590</b>	<b>3.594.735.476</b>	<b>2.766.492.168</b>	<b>754.301.009</b>	<b>3.520.793.177</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 DECEMBER 2021**

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

IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS		Note (Section Five IV)	Current Period 1 January-31 December 2021	Prior Period 1 January-31 December 2020
<b>I.</b>	<b>INTEREST INCOME</b>	(1)	<b>109.453.321</b>	<b>74.450.737</b>
1.1	Interest on Loans		78.419.381	56.110.001
1.2	Interest on Reserve Requirements		1.541.102	253.867
1.3	Interest on Banks		214.351	133.438
1.4	Interest on Money Market Transactions		8.658	9.219
1.5	Interest on Marketable Securities Portfolio		28.275.160	17.320.104
1.5.1	Fair Value Through Profit or Loss		362.717	181.115
1.5.2	Fair Value through Other Comprehensive Income		24.309.155	14.842.857
1.5.3	Measured at Amortized Cost		3.603.288	2.296.132
1.6	Financial Lease Interest Income		553.946	379.390
1.7	Other Interest Income		440.723	244.718
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	(2)	<b>66.917.573</b>	<b>36.972.540</b>
2.1	Interest on Deposits		44.412.446	24.374.966
2.2	Interest on Funds Borrowed		1.432.793	1.325.340
2.3	Interest Expense on Money Market Transactions		17.831.743	5.791.733
2.4	Interest on Securities Issued		2.727.815	1.923.109
2.5	Interest on Leases		147.723	125.893
2.6	Other Interest Expenses		365.053	3.431.499
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>42.535.748</b>	<b>37.478.197</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>6.269.616</b>	<b>3.584.405</b>
4.1	Fees and Commissions Received		8.655.312	5.445.765
4.1.1	Non-cash Loans		1.449.438	1.098.536
4.1.2	Other		7.205.874	4.347.229
4.2	Fees and Commissions Paid (-)		2.385.696	1.861.360
4.2.1	Non-cash Loans		315	668
4.2.2	Other		2.385.381	1.860.692
<b>V.</b>	<b>DIVIDEND INCOME</b>	(3)	<b>34.726</b>	<b>7.314</b>
<b>VI.</b>	<b>TRADING PROFIT/(LOSS) (Net)</b>	(4)	<b>(10.772.786)</b>	<b>(7.636.594)</b>
6.1	Trading Gains / (Losses) on Securities		661.263	4.156.404
6.2	Gains / (Losses) on Derivative Financial Transactions		(11.934.566)	(5.137.049)
6.3	Foreign Exchange Gains / (Losses)		500.517	(6.655.949)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5)	<b>5.594.561</b>	<b>5.919.245</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>43.661.865</b>	<b>39.352.567</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	(6)	<b>16.285.959</b>	<b>12.194.001</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	(6)	<b>507.892</b>	<b>2.874.919</b>
<b>XI.</b>	<b>PERSONNEL EXPENSE (-)</b>		<b>5.803.803</b>	<b>4.852.164</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(7)	<b>10.193.937</b>	<b>8.343.307</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>10.870.274</b>	<b>11.088.176</b>
<b>XIV.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-
<b>XV.</b>	<b>PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>137.196</b>	<b>57.258</b>
<b>XVI.</b>	<b>PROFIT/(LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)</b>	(10)	<b>11.007.470</b>	<b>11.145.434</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	(11)	<b>(3.018.958)</b>	<b>(3.348.927)</b>
18.1	Current Tax Provision		(3.422.904)	(3.554.074)
18.2	Deferred Tax Expense Effect (+)		(3.497.365)	(6.236.873)
18.3	Deferred Tax Income Effect (-)		3.901.311	6.442.020
<b>XIX.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)</b>	(12)	<b>7.988.512</b>	<b>7.796.507</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	<b>2.473.439</b>
20.1	Income from Non-Current Assets Held for Sale		-	1.107.539
20.2	Profit from Sales of Associates, Subsidiaries and Entities under Common		-	1.365.900
20.3	Income from Other Discontinued Operations		-	-
<b>XXI.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	<b>535.466</b>
21.1	Expenses on Non-Current Assets Held for Sale		-	535.466
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>	(10)	-	<b>1.937.973</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(11)	-	<b>(81.405)</b>
23.1	Current Tax Provision		-	(78.057)
23.2	Deferred Tax Expense Effect (+)		-	(3.766)
23.3	Deferred Tax Income Effect (-)		-	418
<b>XXIV.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>	(11)	-	<b>1.856.568</b>
<b>XXV.</b>	<b>NET PROFIT / (LOSS) (XVIII+XXIII)</b>	(12)	<b>7.988.512</b>	<b>9.653.075</b>
25.1	Profit / (Loss) from the Group		7.918.978	9.651.452
25.2	Profit / (Loss) from Minority Interest	(8)	69.534	1.623
	Earnings/(Loss) per share (in TL full)		0,610	0,928

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

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

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

<b>V. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>Current Period 1 January- 31 December 2021</b>	<b>Prior Period 1 January- 31 December 2020</b>
<b>I. PROFIT (LOSS)</b>	<b>7.988.512</b>	<b>9.653.075</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(2.686.982)</b>	<b>3.176.865</b>
2.1 Other Comprehensive Income That will Not Be Reclassified To Profit or Loss	1.054.978	1.109.630
2.1.1 Gains (Losses) on Revaluation of Property, Plant and Equipment	836.615	2.133.124
2.1.2 Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3 Gains (losses) on remeasurements of defined benefit plans	270.280	80.179
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	(9.426)	(1.167.575)
2.1.5 Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(42.491)	63.902
2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(3.741.960)	2.067.235
2.2.1 Exchange Differences on Translation	1.360.552	287.029
2.2.2 Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	(8.311.262)	1.425.327
2.2.3 Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4 Income (Loss) Related with Hedges of Net Investments in Foreign Operations	1.550.776	644.292
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6 Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	1.657.974	(289.413)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>5.301.530</b>	<b>12.829.940</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**

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

VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Cancellation profits	Other capital reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
					1	2	3 <sup>(*)</sup>	4	5	6						
I. Current Period 31 December 2021	13.100.000	-	-	(17.745)	6.136.881	3.716	(553.770)	3.036.019	839.365	644.292	58.720.828	13.159.432	-	95.069.018	4.535	95.073.553
II. Prior Period End Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Adjusted Beginning Balance (I+II)	13.100.000	-	-	(17.745)	6.136.881	3.716	(553.770)	3.036.019	839.365	644.292	58.720.828	13.159.432	-	95.069.018	4.535	95.073.553
V. Total comprehensive income	-	-	-	-	846.609	216.224	(7.855)	1.360.552	(6.653.288)	1.550.776	-	7.918.978	-	5.231.996	69.534	5.301.530
VI. Capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Convertible bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Subordinated debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Increase (decrease) by other changes	-	-	-	17.745	-	-	(2.117)	-	-	-	(824.515)	60.837	-	(748.050)	1.516.086	768.036
XII. Profit distribution	-	-	-	-	-	-	2.114.374	-	-	-	10.669.398	(12.783.772)	-	-	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	10.018.237	(10.018.237)	-	-	-	-
11.3 Other	-	-	-	-	-	-	2.114.374	-	-	-	651.161	(2.765.535)	-	-	-	-
<b>Balance at the end of the period (III+IV+.....+X+XI)</b>	<b>13.100.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.983.490</b>	<b>219.940</b>	<b>1.550.632</b>	<b>4.396.571</b>	<b>(5.813.923)</b>	<b>2.195.068</b>	<b>68.565.711</b>	<b>436.497</b>	<b>7.918.978</b>	<b>99.552.964</b>	<b>1.590.155</b>	<b>101.143.119</b>

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

(\*) Corporate Tax Law, 5. 1. e. The exemption amounts of the gains arising from the sale of immovables and affiliate shares amounting to TL 2.114.374 related to the article are followed.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020**

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

VI CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Cancellation profits	Other capital reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
					1	2	3	4	5	6						
					<b>PRIOR PERIOD</b>											
<b>31 December 2020</b>																
<b>I. Prior Period End Balance</b>	6.100.000	-	-	(571)	3.830.302	(60.427)	419.209	2.748.990	(296.630)	-	52.325.076	9.158.560	-	74.224.509	2.993	74.227.502
<b>II. Corrections and Accounting Policy Changes Made According to TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Beginning Balance (I+II)</b>	6.100.000	-	-	(571)	3.830.302	(60.427)	419.209	2.748.990	(296.630)	-	52.325.076	9.158.560	-	74.224.509	2.993	74.227.502
<b>IV. Total comprehensive income</b>	-	-	-	-	2.018.466	64.143	(972.979)	287.029	1.135.995	644.292	-	-	9.651.452	12.828.398	1.542	12.829.940
<b>V. Capital increase by cash</b>	7.000.000	-	-	-	-	-	-	-	-	-	-	-	-	7.000.000	-	7.000.000
<b>VI. Capital increase by internal sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Paid-in capital inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible bonds to Shares</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated debt Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase (decrease) by other changes</b>	-	-	-	(19.370)	288.113	-	-	-	-	-	(728.699)	1.548.961	-	1.089.005	-	1.089.005
<b>XI. Profit distribution</b>	-	-	-	2.196	-	-	-	-	-	-	7.124.451	(7.199.541)	-	(72.894)	-	(72.894)
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(72.894)	-	(72.894)	-	(72.894)
11.2 Transfers to Reserves	-	-	-	2.196	-	-	-	-	-	-	6.974.268	(6.976.464)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	150.183	(150.183)	-	-	-	-
<b>Balance at the end of the period (III+IV+.....+X+XI)</b>	<b>13.100.000</b>	-	-	<b>(17.745)</b>	<b>6.136.881</b>	<b>3.716</b>	<b>(553.770)</b>	<b>3.036.019</b>	<b>839.365</b>	<b>644.292</b>	<b>58.720.828</b>	<b>3.507.980</b>	<b>9.651.452</b>	<b>95.069.018</b>	<b>4.535</b>	<b>95.073.553</b>

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2021**

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

<b>VII. CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>Note (Section Five)</b>	<b>Current Period 1 January- 31 December 2021</b>	<b>Prior Period 1 January- 31 December 2020</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		10.843.434	21.675.973
1.1.1 Interest Received		94.115.132	69.359.999
1.1.2 Interest Paid		(64.892.427)	(33.250.585)
1.1.3 Dividend Received		34.726	7.314
1.1.4 Fees and Commissions Received		8.916.382	6.364.892
1.1.5 Other Income		2.361.370	6.686.199
1.1.6 Collections from Previously Written-off Loans and Other Receivables		4.304.146	2.667.883
1.1.7 Cash Payments to Personnel and Service Suppliers		(6.456.199)	(5.451.129)
1.1.8 Taxes Paid		(3.967.727)	(3.711.294)
1.1.9 Other		(23.571.969)	(20.997.306)
1.2 Changes in Operating Assets and Liabilities		86.411.824	53.389.187
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(4.464.178)	(9.404.293)
1.2.2 Net (Increase) / Decrease in due from banks and other financial institutions		(71.745.309)	(32.409.950)
1.2.3 Net (Increase) / Decrease in loans		(120.024.538)	(146.468.732)
1.2.4 Net (Increase) / Decrease in other assets		(4.962.795)	(7.663.739)
1.2.5 Net Increase / (Decrease) in bank deposits		14.345.169	7.999.354
1.2.6 Net Increase / (Decrease) in other deposits		203.578.494	173.185.323
1.2.7 Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase / (Decrease) in funds borrowed		(2.610.288)	(4.616.790)
1.2.9 Net Increase / (Decrease) in payables		-	-
1.2.10 Net Increase / (Decrease) in other liabilities		72.295.269	72.768.014
<b>I. Net Cash Provided from Banking Operations</b>		<b>97.255.258</b>	<b>75.065.160</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>(31.137.042)</b>	<b>(70.619.616)</b>
2.1 Cash Paid for Acquisition of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		(147.737)	(410.071)
2.2 Cash Obtained from Disposal of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-
2.3 Purchases of Property and Equipment		(2.052.540)	(1.482.629)
2.4 Disposals of Property and Equipment		1.328.311	1.133.608
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(70.946.216)	(114.440.414)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		41.672.891	51.339.571
2.7 Purchase of Financial Assets at Measured at Amortized Cost		(3.781.582)	(7.612.792)
2.8 Sale of Financial Assets at Measured at Amortized Cost		2.789.831	853.111
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>(438.619)</b>	<b>6.969.637</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		17.907.409	16.688.914
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(17.962.537)	(16.389.618)
3.3 Issued Equity Instruments		-	7.000.000
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(383.491)	(329.659)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>(1)</b>	<b>1.439.724</b>	<b>(464.042)</b>
<b>V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>67.119.321</b>	<b>10.951.139</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	<b>(1)</b>	<b>43.002.234</b>	<b>32.051.095</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>	<b>(1)</b>	<b>110.121.555</b>	<b>43.002.234</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**STATEMENT OF PROFIT DISTRIBUTION AS OF 31 DECEMBER 2021**

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

<b>VIII. STATEMENT OF PROFIT DISTRIBUTION <sup>(*)</sup></b>		<b>Current Period 31 December 2021</b>	<b>Prior Period 31 December 2020</b>
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1	Current Year Income	8.913.442	10.834.123
1.2	Taxes and Duties Payable (-)	(2.622.133)	(3.009.104)
1.2.1	Corporate Tax (Income tax)	(2.793.348)	(3.189.501)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	171.215	180.397
<b>A.</b>	<b>NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>6.291.309</b>	<b>7.825.019</b>
1.3	Prior Year Losses (-)	-	-
1.4	First Legal Reserves (-)	-	391.251
1.5	Other Statutory Reserves (-)	-	-
<b>B.</b>	<b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>	<b>-</b>	<b>7.433.768</b>
1.6	First Dividend to Shareholders (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	Dividends to Personnel (-)	-	-
1.8	Dividends to Board of Directors (-)	-	-
1.9	Second Dividend to Shareholders (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.10	Statutory Reserves (-)	-	-
1.11	Extraordinary Reserves	-	7.433.768
1.12	Other Reserves	-	-
1.13	Special Funds	-	-
<b>II.</b>	<b>DISTRIBUTION OF RESERVES</b>		
2.1	Appropriated Reserves	-	-
2.2	Dividends to Shareholders (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Privileged Shares	-	-
2.3.3	To Owners of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders of Profit and Loss Sharing Certificates	-	-
2.3.	Dividends to Personnel (-)	-	-
2.4	Dividends to Board of Directors (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>		
3.1	To Owners of Ordinary Shares	-	0,5973
3.2	To Owners of Ordinary Shares (%)	-	59,73
3.3	To Owners of Privileged Shares	-	-
3.4	To Owners of Privileged Shares (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1	To Owners of Ordinary Shares	-	-
4.2	To Owners of Ordinary Shares (%)	-	-
4.3	To Owners of Privileged Shares	-	-
4.4	To Owners of Privileged Shares (%)	-	-

<sup>(\*)</sup> Profit distribution is decided by the Ordinary General Assembly of the Parent Bank. As of the date of the preparation of financial statements, the meeting for Ordinary General Assembly meeting for 2021 has not been held.

# CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

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## SECTION THREE

### EXPLANATIONS ON ACCOUNTING POLICIES

#### I. BASIS OF PRESENTATION

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

The format and content of the publicly announced consolidated 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”, published in the Official Gazette No. 28337, dated 28 June 2012 and the “Communiqué on Public Disclosures on Risk Management by Banks”, published in the Official Gazette No. 29511, dated 23 October 2015 and amendments to these Communiqué. The Parent Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

Financial statements of subsidiaries in abroad are prepared in accordance with prevalent law and legislation in their country, adjustments and reclassifications are reflected on the purpose of fair presentation pursuant to Reporting Standards.

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

The preparation of financial statements requires the use of certain critical estimates on assets and liabilities reported as of balance sheet date or amount of contingent assets and liabilities explained and amount of income and expenses occurred in related period. Although these estimates rely on the management’s best judgment, actual results can vary from these estimates. Judgements and estimates are explained in related notes.

Unless otherwise specified, all balances in the financial statements and related disclosures are expressed in Thousand Turkish Lira (“TL”).

The COVID-19 pandemic, which has emerged in China, has spread to various countries around the world, causing potentially fatal respiratory infections, affects both regional and global economic conditions negatively, as well as causing malfunctions in operations, especially in countries exposed to the pandemic. As a result of the spread of COVID-19 around the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and it is still being taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

While preparing the financial statements dated 31 December 2021, the Parent Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. Fair value measurements are revised within the scope of TFRS 13 Fair Value Measurement standard, with the expected credit loss provisions reflected in the financial statements and the assumptions and judgments used in estimating these losses.

# CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

##### I. BASIS OF PRESENTATION (Continued)

As of 31 December 2021, due to the adverse effects of the COVID-19 pandemic, the Parent Bank reviewed the valuation of financial assets whose fair value difference was reflected to other comprehensive income and whose fair value difference was reflected to profit or loss and as of the reporting date, corrections have been taken into account. The fair values were determined and accounted for as of the valuation date with the valuation reports prepared for the entity under common control monitored with their fair values, the entity under common control and the securities representing a share in the capital. On the other hand, the Parent Bank evaluated the effects of the COVID-19 pandemic with regard to the financial instruments whose fair value hierarchy was determined as Level 3 due to the fact that it involves significant estimates and judgments and there are no changes that require any correction as of the reporting date. As of 31 December 2021, the Parent Bank does not have any assets or liabilities in the fair value hierarchy that would require any adjustment due to COVID-19.

The Parent Bank reflected the estimates and judgments into the calculation of expected credit losses with the maximum effort and the best estimation method. The Parent Bank has revised its macroeconomic expectations and has reflected to the financial statement as of 31 December 2021, by taking into account the change in probability of default and loss given default.

In this context, the Parent Bank has measured the impact of its macroeconomic expectations on NPL receivables in different scenarios. In the NPL conversion rate, it has taken into consideration in the calculation by reflecting the coefficient, which is considered to reflect the current situation, to the loan parameters. The Parent Bank increased the weight of the adverse scenario in the expected credit loss calculation.

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

##### Changes in Accounting Policies

The Benchmark Interest Rate Reform, which brings amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, has been implemented. With the amendments made, certain exceptions are provided in the basis for determining contractual cash flows and hedge accounting provisions. The Parent Bank has participated in international protocols within the scope of IBOR transformation. The Benchmark Interest Rate Reform process continues and the Parent Bank has been continuing to work within the scope of adaptation to the changes.

##### Explanation for convenience translation to English:

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS**

Main activity of the Parent Bank comprises of banking services, such as launching all kinds of cash and non-cash loans denominated in Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits denominated in Turkish Lira and foreign currencies. The Parent Bank’s main funding sources are deposits denominated in Turkish Lira, repurchase agreements, issued securities and shareholders’ equity. The Parent Bank directs these funds to assets with high return and low risk that include predominantly domestic government bonds and loans. The Parent Bank’s liquidity structure is considered the financing of all liabilities at due date. Although most of the sources in the Parent Bank’s balance sheet are with fixed interest rate, some of the securities in assets’ return have floating interest rate. Since the remaining time to re-pricing date of sources is short, cost of sources is repriced in short periods based on the market conditions. Moreover, the Parent Bank adopts higher return principle for its long-term placements.

Loans and securities are instruments from which the Parent Bank gets returns above the average returns within its activity. Letter of guarantees, bank loans, commercial letter of credits, commitments for cheques payments and commitments for credit card limit are the most important risk areas within the off-balance sheet accounts.

Since the Parent Bank’s total debt to the market is low among its total liabilities, the Parent Bank can borrow easily from short-term markets, such as Borsa Istanbul (“BIST”), Central Bank of the Republic of Turkey, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, the deposit base of The Parent Bank is not presumed to be significantly affected from liquidity risk since the Parent Bank is a public bank with an extensive branch network.

Cost and return of foreign currency assets are subject to a close follow up. Positive margin of profit is sustained by adjusting deposit interest rates in line with the market interest rates.

Foreign currency operations are valued by the Bank’s prevailing counter currency buying rate at transaction date and reflected to records. At period ends, foreign currency asset and liability balances are valued at the Bank’s period end counter currency buying rates and converted to Turkish currency and the resulting exchange differences are recognized as a “foreign exchange profit or loss”.

For the exchange risk arising from foreign currency conversion of Ziraat Bank International AG, Ziraat Bank BH dd and Ziraat Bank Montenegro AD, the Parent Bank’s subsidiaries to which capital was paid in Euro amounts, Euro deposits are used for hedging purposes. Information on net investment hedge accounting applied in order to hedge the said total capital amount of EUR 288.527 thousand (31 December 2020: EUR 268.075 thousand), which is associated with this purpose, from exchange rate risk effects arising from changes in foreign exchange rates, is presented in Section Four, article no VIII.

Assets and liabilities of the overseas branches of the Parent Bank are converted into Turkish Lira with the Parent Bank’s prevailing counter currency buying rates at the balance sheet date.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**III. INFORMATION ON CONSOLIDATED SUBSIDIARIES**

**1. Consolidation Principles Applied**

The consolidated financial statements have been prepared in accordance with the procedures listed in the “Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks” published in the Official Gazette No. 26340 dated 8 November 2006 and the “Consolidated Financial Statements” (“TFRS 10”).

**1.1. Consolidation Principles for Subsidiaries**

Subsidiaries are all entities in which the Group has the power to control financial and operational policies for the benefit of the Parent Bank (a) directly and indirectly, with the authority to exercise more than 50% of the voting rights pertaining to shares in the owned companies; or (b) not having the power to exercise more than 50% of the rights of use, otherwise having control over financial and business policies.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method, taking into account the size of their assets and equity within the scope of their activities and the materiality principle. Subsidiaries are included in the scope of consolidation since the control of their activities is transferred to the group and are excluded from the scope of consolidation from the date the control disappears. Where necessary, the accounting policies of the subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

According to the full consolidation method, 100% of the balance sheet, profit or loss statement and off-balance sheet items of the subsidiaries are consolidated with the balance sheet, profit or loss statement and off-balance sheet items of the Parent Bank. The carrying amount of the Group's investments in each subsidiary is netted off with the portion of the capital of each subsidiary that belongs to the Group. Unrealized gains and losses and balances arising from transactions between subsidiaries included in consolidation are eliminated. In order to determine the net income of the Group, minority interest in the net income of the consolidated subsidiaries have been determined and deducted from the net income of the subsidiary. Minority interest in the consolidated balance sheet are presented separately from the liabilities and shares of the Group shareholders. In addition, minority interest are presented separately in the profit or loss statement interest.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)**

**1. Consolidation Principles Applied (Continued)**

**1.1. Consolidation Principles for Subsidiaries (Continued)**

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

<b>Title</b>	<b>Address (City/Country)</b>	<b>Main Activities</b>	<b>Parent Bank’ Share Percentage (%)</b>	<b>Parent Bank’s Risk Group Share Percentage (%)</b>
Ziraat Yatırım Menkul Değerler A.Ş. Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	Brokerage Houses Portfolio	99,60	99,60
Ziraat Katılım Bankası A.Ş. Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	Management Banking	74,90 100,00	99,80 100,00
Ziraat Girişim Sermayesi Ortaklığı A.Ş.	İstanbul/Turkey	Real Estate	81,06	81,06
Ziraat Bank International AG Ziraat Bank BH d.d.	Frankfurt/Germany Sarajevo/Bosnia and Herzegovina	Venture Capital Banking	100,00 100,00	100,00 100,00
Ziraat Bank (Moscow) JSC	Moscow/Russia	Banking	99,91	99,91
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	99,75	99,75
Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	Banking	99,98	100,00
Ziraat Bank Montenegro AD	Podgorica/Montenegro	Banking	100,00	100,00
JSC Ziraat Bank Georgia	Tbilisi/Georgia	Banking	100,00	100,00
Ziraat Bank Uzbekistan JSC	Tashkent/ Uzbekistan	Banking	100,00	100,00

**1.2. Consolidation Principles of Associates and Entities under common control**

An associate is a partnership with which the Parent Bank participates in its capital and has significant effect on it although it has no capital or management control, whose main operation is banking, and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method in accordance with materiality principle. Significant effect refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, as long as it is not proved otherwise, it will be accepted that the Parent Bank has significant effect on that associate. Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changed amount in the associate participating shareholder’s equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed value of the associate amount. The associates and entities under common control consolidated with the equity method, their title, place of incorporation, main activities, effective shareholding rates and direct and indirect shareholding rates are as follows:

<b>Title</b>	<b>Address (City/Country)</b>	<b>Main Activities</b>	<b>Parent Bank’s Share Percentage (%)</b>	<b>Parent Bank’s Risk Group Share Percentage (%)</b>
Turkmen Turkish Joint Stock Commercial Bank	Ashkhabad/Turkmenistan	Banking	50,00	50,00
Arap Türk Bankası A.Ş.	İstanbul/Turkey	Banking	15,43	15,43

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)**

**1. Consolidation Principles Applied (Continued)**

**1.3. Principles Applied During Share Transfer, Merger and Acquisition**

Acquisition of entities are accounted by the purchase method on the date of purchase when the control is being transferred to the Group. Control explains managing power of Group on entity’s financial and operational policies for the purpose of providing benefit from operations of entity. While evaluating control, executable potential voting rights are taken consideration by Group.

**1.4. Transactions with Minority Shareholders**

The Group considers transactions with minority shareholders as transactions within the Parent Bank. For acquisitions from minority shareholders, the difference between the acquisition cost and related portion of net assets’ booked value is deducted from equity. Profit or loss resulting from sales to minority shareholders is booked under equity.

**1.5. Presentation of Consolidated Subsidiaries and Associates in Consolidated Financial Statements**

Subsidiaries, which are not included in the scope of consolidation, are accounted for their fair values, while associates are accounted for at their cost values after netting impairment if any, and are reflected in the consolidated financial statements.

**IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS**

The Group’s derivative transactions include cross currency swaps, interest rate swaps, currency and precious metal swaps, long-term financing transactions, full indemnity options and forward foreign currency buy/sell transactions. The Parent Bank has no embedded derivative instruments separated from the articles of association.

Derivative financial instruments of the Group are classified under “IFRS 9 Financial Instruments Standard” (“IFRS 9”), “Derivative Financial Assets Measured at Fair Value through Profit or loss”.

Derivative financial instruments are initially recognized at fair value. Derivative transactions, depending on the fair value being positive or negative is shown as derivative financial assets at fair value through profit or loss or derivative financial liabilities measured at fair value through profit or loss in the following periods of the recording. Differences in fair value as a result of the valuation are accounted for under profit/loss from derivative financial transactions and profit/loss from foreign exchange transactions in the commercial profit/loss item in the profit or loss statement.

The fair value of derivative instruments is calculated by taking into account the market values or by applying the cash flow model discounted with market rates.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts with their contractual values.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE**

Interest income and expenses of the group are recognized according to the effective interest method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities).

Interest income from financial assets is recognized as gross carrying amount according to the effective interest rate method except for interest income from purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. The Parent Bank has started to calculate rediscount as of 1 January 2018 for its non-performing loans. Rediscount is calculated over the net book value (Gross Book Value - Expected Credit Losses Reserve) of the non-performing loans.

If the expectations for the cash flows in the financial asset are revised for reasons other than the credit risk, the amendment is reflected in the carrying amount of the asset and in the related profit or loss statement line and is amortized over the estimated life of the financial asset.

Total of minimum rental payments including interests and principals are recorded under “financial lease receivables” as gross. The interest which is the difference between the total of rental payments and the cost of the related tangible asset is recorded under “unearned income”. When the rent payment incurs, the rent amount is deducted from “financial lease receivables”; and the interest portion is recorded as interest income in the profit or loss statement.

Profit share income is accounted for by applying the internal rate of return method. Group calculates expense accrual according to the unit value calculation method over the participation accounts.

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE**

Income and expense from banking, agency and intermediary services are recognized as income/expense and conformant with TFRS 15 Revenue from Contracts with Customers on the date they are collected.

Prepaid expense amounts are recognized as expense on an accrual basis during the service period.

Commission income from consumer, corporate and entrepreneurial loans are transferred to income accounts according to periodicity principle using effective interest rate method on an accrual basis.

**VII. EXPLANATIONS ON FINANCIAL ASSETS**

Financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Recognition and Derecognition. Financial assets are measured at fair value at initial recognition in the financial statements. They are included in the balance sheet of the Group, if the Group is a legal party to these instruments.

The Group classifies and recognizes its financial assets as “Financial assets measured at fair value through profit/loss”, “Financial assets measured at fair value through other comprehensive income” or “Financial assets measured at amortized cost”. This classification is based on the contractual cash flow characteristics of the related business model used for management of the financial assets at initial recognition.

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

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

##### Classification and Measurement within the Scope of TFRS 9

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

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

##### Financial Assets at Fair Value Through Profit or Loss

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

Financial assets at the fair value through profit or loss are initially recognized at fair value. All gains and losses arising from these valuations are reflected in the profit or loss statement. Earned interests are included in interest income and dividends received are included in dividend income.

Among the financial assets at fair value through profit or loss, Government Bonds and Treasury Bills traded in the BIST, the weighted average clearing prices formed in the BIST on the balance sheet date, and the financial assets not traded in the BIST, with the prices of the Central Bank of the Republic of Turkey, Eurobonds Bench The transaction prices in the Upmarket and the funds in the Parent Bank's portfolio are valued according to the fund price announced for the relevant day. Gains and losses resulting from the valuation are included in the profit/loss accounts.

##### Financial Assets at Fair Value Through Other Comprehensive Income

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

Financial assets at fair value through other comprehensive income are 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 and dividend income from equity instruments are reflected in the statement of profit or loss. "Unrealized profits and losses", the difference between the fair value of debt instruments at fair value through other comprehensive income and their amortized cost, are not reflected in the statement of profit or loss for the period until the corresponding financial asset is collected, sold, disposed of or weakened and is followed in the "Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss" account under equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

Securities representing the share in the capital are accounted with their fair values if they are traded in organized markets and/or their fair value can be determined reliably, and if they are not traded in organized markets, they are reflected in the financial statements with their values found by using other valuation models. The valuation differences of the said securities are followed in the "Other Accumulated Comprehensive Income or Expenses That Will Not Be Reclassified in Profit or Loss" account under equity.

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

##### VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

###### Financial Assets at Measured at Amortized Cost

A financial asset is classified as a financial asset measured at amortized cost when the Parent 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.

Measured at amortized cost are recognized at which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortized cost by using the effective interest rate method. Interest income related to the financial asset measured at amortized cost is recognized in the statement of profit or loss.

Financial assets measured at fair value through other comprehensive income" and "financial assets measured at amortized cost" portfolios of the Parent Bank include Consumer Price Index (CPI) indexed bonds and lease certificates. Mentioned securities are valued and accounted according to the effective interest rate method which is calculated according to the real coupon and dividend rate and the reference inflation index on the issue date. The actual coupon and dividend payment amounts of these securities, purchase and sale transactions and year-end valuations are calculated by using the index announced by the treasury. Index calculations related to CPI indexed bonds are made by the method specified in Ministry of Treasury and Finance's CPI Indexed Bonds Investor Guide.

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

###### Loans

Loans consist of financial assets which are created by providing money, goods or services to the debtor. Loans are initially recognized at acquisition cost presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate Method".

Cash loans are accounted with their original balances in the accounts specified in Uniform Chart of Accounts and Prospectus according to their type, maturity, and collateral structures. Foreign exchange loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Parent Bank. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Parent Bank at usage date. The repayments of foreign exchange indexed loans, which were extended in TL at the Parent Bank's counter foreign exchange buying rate valid on the date of use, are collected in TL equivalents calculated over the Parent Bank's counter foreign exchange selling rate valid on the installment collection date.

##### VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

###### Explanations on Expected Loss Provisions

The Group sets aside the expected loss provision for its loans and receivables by taking into consideration the "Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside" published in the Official Gazette dated 22 June 2016 and numbered 29750. In this context, the Parent Bank takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data, and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

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

- 12 - Month Expected Loss Provision (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)**

- Lifetime Expected Loss Provision (Stage 2 and Stage 3) is applied when there is a significant increase in credit risk.

In addition, using expert opinion, the Parent Bank has made provision on the model outputs for customer groups that it believed that the model did not statistically respond to credit risk factors and/or were affected by the COVID-19 outbreak. The reserve will be reviewed in the following reporting periods, considering the impact of the pandemic, the loan portfolio, and changes in future expectations.

**Impairment**

The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and securities) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

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

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

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of the money,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting.

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

***12 Month Expected Credit Losses (Stage 1)***

These are the financial assets that do not have a significant increase in credit risk at the time of recognition or since initial recognition. For such assets, impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the credit quality.

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

***Significant Increase in Credit Risk (Stage 2)***

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

The main criteria taken into consideration in determining the credit risk of the financial asset to be significantly increased and transferred to the stage 2 are, having day-past-due more than and equal to 30 days, and the Parent Bank's internal early warning system note.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)**

*Credit-Impaired Losses (Stage 3)*

Includes financial assets with unbiased evidence that they are impaired as of the reporting date. For these assets, lifetime expected credit losses are recognized.

The Group considers the debt to be in default in the following two cases:

- Objective Default Definition: It means debt having past due more than 90 days. This assumption can be proved otherwise in the light of supportable information.
- Subjective Default Definition: It means it is considered as unlikeliness to pay. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

Collective assessment of financial instruments is based on homogeneous group assets referring to portfolio segmentation including similar credit risk and product characteristics. This section provides an overview of the risk parameter estimation methods for the expected loss calculation approach on a common basis for each stage.

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

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

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

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

**Probability of Default (PD)**

Probability of default refers to the likelihood that a loan will default at a certain time.

In default probability models, sectorial information for the corporate portfolio and product information for the individual portfolio are taken as the basis.

**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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)**

*Credit-Impaired Losses (Stage 3) (Continued)*

**Loss Given Default (LGD)**

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

**Future Expectations**

The effect of future expectations is included in the credit risk parameters used in the calculation of expected credit losses by using scenarios related to macroeconomic factors. The Parent Bank uses the macroeconomic forecasting model developed during the creation of multiple scenarios to be used in expected credit loss calculations. The macroeconomic variables that stand out during this estimation are the Gross Domestic Product (GDP) and the consumer price index (CPI), and risk parameters are updated if deemed necessary, taking into account their compatibility with the portfolio. In addition to macroeconomic indicators, the Parent Bank takes into account the future expectations of its portfolio and the possible effects of COVID-19 in its models by using its best estimations in the presence of model variables and taking expert opinion.

**The Methodology of Behavioral Maturity Calculation**

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

**Write-off Policy**

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

**IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES  
LENDING TRANSACTIONS**

Securities sold under agreements for repurchase agreements (“Repos”) are classified as “Fair Value Through Profit or Loss”, “Fair Value Through Other Comprehensive Income” and “Financial Asset Measured at Amortized Cost” in the portfolio of the bank, according to the purposes of the Group is subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in "Money Markets Receivables" account and interest expense accruals for the period are calculated with the effective interest rate method.

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

**XI. INFORMATION ON NON-CURRENTS ASSETS OR DISPOSAL GROUPS ‘HELD FOR  
SALE’ AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON  
LIABILITIES RELATED WITH THESE ASSETS**

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

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

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

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the profit or loss statement. The Group does not have any discontinued operations.

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

Goodwill: is the difference between the acquisition cost the fair value of the identifiable assets, liabilities and contingent liabilities of the acquisition and it represents the payment that the acquirer expects to benefit in the future from assets that are not individually identifiable and separately accountable. Assets which are not included in the financial statements of the business purchased in business combinations; however, that are capable of being separated from goodwill, intangible assets and / or contingent liabilities are reflected to the financial statements with their fair values. As of the date of balance sheet, the Group has no goodwill in its financial statements. (31 December 2020: None.)

Other intangible assets are based on their initial acquisition amounts and other direct costs required to make the asset available. Other intangible assets were revalued over their remaining amounts after deducting the accumulated depreciation and, if any, the accumulated depreciation from the cost value in the period following their recording.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)**

Other intangible assets are amortized using the straight-line method based on their useful lives. Useful lives of other intangible assets are determined with assessments such as the expected life of the asset, technical, technological, or other types of aging and the maintenance costs required to obtain the economic benefit expected from the asset. There is no change in the depreciation method applied in the current period. Expenditures for other intangible assets are amortized with equal amounts within the lease period, and if the lease period is not certain or is more than five years, the redemption period is accepted as five years (depreciation rate 20%).

The Group recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that qualify as development are added to software’s initial costs and amortized over 3 years considering the useful lives. The Parent Bank has determined estimated useful lives of the intangible assets between 3 and 15 years and it applies depreciation rates between 33,3% to 6,7%.

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT**

Property and equipment are measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014, the Parent Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. Valuation differences arising as a result of the valuation made by independent expertise firms for real estates are accounted under the tangible and intangible fixed asset revaluation differences account under equity.

Property and equipment (except for immovables) are presented in the financial statements over their remaining cost after deducting accumulated depreciation from cost amounts, if any, and after deducting accumulated depreciation from their fair values. Property and equipment are depreciated over their estimated useful lives using the straight-line method. The amortization method applied in the current period has not been changed.

Estimated useful lives and amortization rates of property and equipment are below:

	<b>Estimated Useful Lives (Year)</b>	<b>Amortization Rate</b>
Buildings	50	%2
Safe-deposit boxes	50	%2
Other movable properties	3-25	%4-33,33
Assets held under leases	4-5	%20-25

Gains or losses arising from the disposal of property and equipment are reflected in the profit or loss accounts as the difference between the net disposal revenue of the tangible asset and the net book value.

Ordinary maintenance and repair expenses incurred for tangible assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of property and equipment are capitalized. The investment expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

There are no mortgages, pledges or similar precautionary measures on tangible assets or commitments given for the purchase or any restrictions designated for the use of those tangible assets.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

Investment properties consist of assets held to earn rent and / or value increase. The mentioned real estates owned by the Group are shown in the consolidated financial statements using the fair value method within the framework of TAS 40 "Investment Properties". Gains and losses arising from a change in the fair value of investment properties are reflected in the profit / loss accounts in the period they occur.

#### XV. EXPLANATIONS ON LEASING TRANSACTIONS

##### Leases in TFRS 16

The Group measures the operational lease liabilities based on the present value of the lease payments that have not been paid at the date of lease is actually started, in accordance with TFRS 16. Lease payments are discounted by using the Group's incremental borrowing rate. 2-year government bond indicator interest rates are used for Turkish Lira rentals, and Eurobond indicator interest rates are used for foreign currency leasing transactions for ongoing contracts.

After the lease actually started, the Group; Increases the carrying amount to reflect the interest in the lease obligation, reduce the carrying value to reflect the lease payments made, and re-measure the carrying value to reflect reassessments and changes to the lease, or to reflect fixed lease payments in revised core.

The interest on the lease liability for each period of the lease term, is the amount calculated by charging a fixed periodic interest rate on remaining balance of lease liability.

After the date of lease actually started, the Group remeasures the lease liability to reflect the changes in lease payments. The Group reflects the remeasurement amount of the lease liability, in financial statements as adjustments in right to use assets.

The Group uses a revised discount rate that reflects changes in the interest rate if there is a change in the initial lease period or the use of the purchase option.

The Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate for a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification. The revised discount rate is determined as the alternative borrowing interest rate at the effective date of the modification. The Parent Bank decreases carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognized in profit or loss. A corresponding adjustment to the right-of-use asset is made for all other lease modifications.

The Group does not apply the standard provisions for leases shorter than 1 year in line with the exception provisions of the relevant standard. The Bank reflects the lease payments associated with these leases linearly throughout the lease period and reflects them in the financial statements.

Subject to financial leasing in the consolidated balance sheet of the entity is shown as a receivable equal to net leasing. The interest income is determined so as to form a fixed revenue return ratio using net investment method related to lease asset of the lessor, and the portion of interest income which does not take part in the related term is followed under the unearned interest income account.

Tangible assets that are acquired under leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under leases are recognized under the tangible assets account and are depreciated on annual and monthly basis with respect to their useful lives. Principal and installment paid for tangible assets that are acquired under leasing are charged to liability account "Lease Liabilities", whereas interests are recognized in "Deferred Leasing Expenses" account. At installment payments, principal and interest amount of installment amount is debited to "Lease Liabilities" account, whereas interest is credited in "Deferred Leasing Expenses" account and recorded to the "Other Interest Expenses".

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVI. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES**

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

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

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

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

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

**XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS**

**Employment Termination and Vacation Benefits**

The Group recognizes its liabilities of employment terminations and vacation benefits in accordance with TAS 19 “Turkish Accounting Standard about Benefits for Employee” and estimates the net present value of future liabilities arising from employment terminations and vacation benefits and reflects this provision amount in the financial statements.

Under the Turkish legislation as supplemented by union agreements, Employment Termination Benefit payments are made in case of retirement or employment termination or resignation depending on the arise of the legal conditions. According to the related legislation, depending on the status and position of the employee in the Group and social security institution, retirement bonus pension/severance payments are calculated for the time that the personnel has worked. Employment termination is calculated based on actuarial assumptions. These assumptions based on the calculation are below:

The Parent Bank uses independent actuaries in determining liability and makes assumptions about issues such as discount rate and inflation. As of 31 December 2021, retirement benefit obligation is TL 1.393.410 (31 December 2020: TL 1.256.959).

	<b>Current Period</b>	<b>Prior Period</b>
Discount Rate	% 19,20	% 12,96
Inflation	% 14,30	% 9,37

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS (Continued)**

**Employment Termination and Vacation Benefits (Continued)**

Communiqué on “Turkish Accounting Standard (“TAS19”) about Benefits for Employee (No:9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (“POA”) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial gains amounting to TL 219.940 was classified under shareholders’ equity in the financials. (31 December 2020: TL 3.716 loss).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days.

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

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

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS (Continued)**

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

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

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

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

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

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; "Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506. As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVIII. EXPLANATIONS ON TAXATION**

**Current Tax**

The corporate tax rate of 20% was designated in Corporate Tax Law No. 5520 which was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205 for corporate earnings. (between 1 January 2018-31 December 2020 it was applied as 22% according to law No. 7061.) The Corporate Tax rate, which is 20% in accordance with Article 11 of the Law on the Procedure of Collection of Public Receivables and the Law on the Amendment of Certain Laws, published in the Official Gazette on April 22, 2021, and the Provisional Article 13 added to the Corporate Tax Law, 25% for the corporate earnings for the period will be applied as 23% for 2022. In accordance with Article 14 of the Law, the rate to be applied for the year 2021 has started with the second corporate tax declaration period and has been valid for the corporate earnings for the taxation period starting from January 1, 2021.

The corporate tax rate is applied to the tax base to be found as a result of the addition of the non-deductible expenses in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions (such as the participation earnings exemption) and deductions in the tax laws. No further tax is paid if the profit is not distributed.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney in Turkey or to resident corporations are not subject to withholding tax. While dividends paid to individuals and corporations were subject to withholding tax at the rate of 15%, this rate has been changed to 10% with the Presidential Decision published in the Official Gazette dated 22 December 2021 and No. 31697. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations calculate advance tax quarterly on their financial profits at the corporate tax rate valid for that year and declare and pay until the 17th day of the second month following that period. Advance tax paid by corporations for the current period is offset against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be used to offset any other financial liabilities to the government.

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from corporation tax (It was changed with 89th article of code 7061 that entries into force in 5 December 2017).

This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered tax loss.

Taxes which do not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVIII. EXPLANATIONS ON TAXATION (Continued)**

**Current Tax (Continued)**

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warranters’ real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors’ revenues that used for against debts or transferring to SDIF, 50% of the profits arising from the sale of the said assets obtained by the banks in this way, and 75% of the profits arising from the sale of others are exempted from corporation tax.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

Tax returns are required to be filled and delivered to the related tax office until the end of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings. As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, including the provisional tax periods. Financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) and the provisional tax periods for the 2023 accounting period, regardless of whether the conditions for the repetitive inflation adjustment within the scope of Article 298 are met, It has been enacted that the 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years' profit/loss account.

Tax rates used in tax calculation considering the related countries’ tax legislation as of 31 December 2021 are presented below:

Russia	20%
Kazakhstan	20%
Germany	15%
Bosnia Herzegovina	10%
Azerbaijan	20%
Montenegro	9%
Georgia	15%
Uzbekistan	20%

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVIII. EXPLANATIONS ON TAXATION (Continued)**

**Deferred Tax**

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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. In the deferred tax calculation, the Parent Bank estimates the time when temporary differences will be taxable / deductible and uses the legal tax rates valid as of the balance sheet date in accordance with the current tax legislation. As deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) effective or almost certain to come into effect as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, the Parent Bank has as of 31 December 2021, deferred tax calculations were made based on rates varying between 20% and 23% on assets and liabilities. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

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

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

Deferred tax assets and liabilities are reflected in the consolidated financial statements by offsetting in the separate financial statements of the consolidated subsidiaries.

According to December 8, 2004 BRSA.DZM.2/13/1-a-3 notice, there is no deferred tax assets on general provision and free provision. In addition to this, deferred tax asset calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles, beginning from January 1, 2018. Deferred rate calculation for free provisions are not calculated.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIX. EXPLANATIONS ON BORROWINGS**

The Group recognizes its debt instruments in accordance with TFRS 9 “Financial Instruments” and all financial liabilities are carried at amortized cost by using effective interest rate method. The Group has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

If required, the Group borrows from domestic and foreign real people and entities with debt instruments such as bill/bond issuance. These transactions are recognized at fair value including acquisition costs at the transaction date while accounted with effective interest rate method over their discounted costs in the following periods.

The Group has issued no convertible bonds to shares and has no instruments representing its own borrowings.

**XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES**

There are no issued shares by the Group in 2021.

**XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES**

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

**XXII. EXPLANATIONS ON GOVERNMENT GRANTS**

There are no government incentives utilized by the Group as of the balance sheet date.

**XXIII. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturities of 3 months or less following the date of acquisition, which is readily convertible to a known amount of cash and does not bear the risk of significant amount of value change. The book values of these assets represent their fair values. FC cash equivalents and balances regarding banks are valued by the period end counter foreign currency buying rate of the Bank.

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

**XXIV. EXPLANATIONS ON SEGMENT REPORTING**

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

**XXV. EXPLANATIONS ON OTHER MATTERS**

None.

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**SECTION FOUR**

**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT**

**I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY**

Shareholders' equity and capital adequacy ratio were calculated within the framework of “Regulation on Banks' Equity” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” and in addition to the regulations of BRSA numbered 9312 dated 8 December 2020. Based on recent regulation changes:

- In the calculation of the amount subject to credit risk within the framework of the regulation dated September 16, 2021 and numbered 9795; When calculating the valued amounts in foreign currency, the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date can be used.
- Within the framework of the regulation dated December 21, 2021 No. 9996, if the net valuation differences of the securities held by banks in the portfolio of “Financial Assets at Fair Value through Other Comprehensive Income” are negative, these differences may not be taken into consideration in the calculation of equity amount.

As of 31 December 2021, the Group’s total capital has been calculated as TL 135.084.119 (31 December 2020: TL 114.356.330), capital adequacy ratio is 15,66% (31 December 2020: 17,25%). This ratio is well above the minimum ratio required by the legislation.

**1. Information Related to the Components of Shareholders' Equity**

	Current Period 31 December 2021	Amount as per the regulation before 01/01/2014*
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	13.100.000	-
Share issue premiums	-	-
Reserves	68.565.711	-
Gains recognized in equity as per TAS	18.413.122	-
Profit	8.355.475	-
Current Period Profit	7.918.978	-
Prior Period Profit	436.497	-
Shares acquired free of charge from associates, subsidiaries and entities under common control and cannot be recognized within profit for the period	138.703	-
Minority Interest	923	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>108.573.934</b>	<b>-</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	3.209.640	-
Improvement costs for operating leasing	76.178	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.677.133	1.677.133
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 <sup>th</sup> clause of the 56 <sup>th</sup> Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2 <sup>nd</sup> clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)**

**1. Information Related to the Components of Shareholders’ Equity (Continued)**

	Current Period 31 December 2021	Amount as per the regulation before 01/01/2014*
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>4.962.951</b>	<b>-</b>
<b>Total Common Equity Tier I Capital</b>	<b>103.610.983</b>	<b>-</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	<b>21.860.635</b>	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties’ share in the Additional Tier I capital - -	-	-
Third parties’ share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>21.860.635</b>	<b>-</b>
<b>Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank’s additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>21.860.635</b>	<b>-</b>
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>125.471.618</b>	<b>-</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties’ share in the secondary capital	-	-
Third parties’ share in the secondary capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	9.628.527	-
<b>Tier II Capital Before Deductions</b>	<b>9.628.527</b>	<b>-</b>
<b>Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank’s Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>9.628.527</b>	<b>-</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>135.100.145</b>	<b>-</b>

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)**

**1. Information Related to the Components of Shareholders’ Equity (Continued)**

	Current Period 31 December 2021	Amount as per the regulation before 01/01/2014*
<b>Total Tier I Capital and Tier II Capital (Total Equity)</b>	<b>135.100.145</b>	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale Purpose but Retained more than Five Years	-	-
Other items to be defined by the BRSA	<b>16.026</b>	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
<b>CAPITAL</b>	-	-
Total Capital (Total of Tier I Capital and Tier II Capital)	135.084.119	-
Total Risk Weighted Assets	862.578.752	-
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated CET 1 Capital Ratio (%)	12,01	-
Consolidated Tier I Capital Ratio (%)	14,55	-
Consolidated Capital Adequacy Ratio (%)	15,66	-
<b>BUFFERS</b>		
Total additional core capital requirement ratio (a+b+c)	4,56	-
a) Capital conservation buffer requirement (%)	2,5	-
b) Bank specific countercyclical buffer requirement (%)	0,06	-
c) Higher bank buffer requirement ratio (%)	2	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	7,51	-
<b>Amounts Lower than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	251.635	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	95.387	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	2.991.519	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	19.856.675	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	9.628.527	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(\*) Amounts considered within transition provisions.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)**

**1. Information Related to the Components of Shareholders’ Equity (Continued)**

	Prior Period 31 December 2020	Amount as per the regulation before 01/01/2014*
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	13.100.000	-
Share issue premiums	-	-
Reserves	58.720.828	-
Gains recognized in equity as per TAS	10.121.812	-
Profit	13.159.432	-
Current Period Profit	9.651.452	-
Prior Period Profit	3.507.980	-
Shares acquired free of charge from associates, subsidiaries and entities under common control and cannot be recognized within profit for the period	17.388	-
Minority Interest	555	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>95.120.015</b>	<b>-</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	50.442	-
Improvement costs for operating leasing	44.857	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.214.133	1.214.133
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)**

**1. Information Related to the Components of Shareholders’ Equity (Continued)**

	Prior Period 31 December 2020	Amount as per the regulation before 01/01/2014*
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>1.309.432</b>	<b>-</b>
<b>Total Common Equity Tier I Capital</b>	<b>93.810.583</b>	<b>-</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	13.317.710	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties’ share in the Additional Tier I capital	-	-
Third parties’ share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>13.317.710</b>	<b>-</b>
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>	<b>-</b>	<b>-</b>
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank’s additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>13.317.710</b>	<b>-</b>
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>107.128.293</b>	<b>-</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties’ share in the secondary capital (Covered by Temporary Article 3)	-	-
Third parties’ share in the secondary capital	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	7.251.206	-
<b>Tier II Capital Before Deductions</b>	<b>7.251.206</b>	<b>-</b>
<b>Deductions from Tier II Capital</b>		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank’s Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>7.251.206</b>	<b>-</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>114.379.499</b>	<b>-</b>

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY (Continued)**

**1. Information Related to the Components of Shareholders' Equity (Continued)**

	Prior Period 31 December 2020	Amount as per the regulation before 01/01/2014*
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>114.379.499</b>	-
Deductions from Capital Loans granted contrary to the 50th and 51st Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale Purpose but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	23.169	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
<b>CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	114.356.330	-
Total Risk Weighted Assets	663.051.749	-
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated CET 1 Capital Ratio (%)	14,15	-
Consolidated Tier I Capital Ratio (%)	16,16	-
Consolidated Capital Adequacy Ratio (%)	17,25	-
<b>BUFFERS</b>		
Total additional core capital requirement ratio (a+b+c)	4,56	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,059	-
c) Higher bank buffer requirement ratio (%)	2,00	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,65	-
<b>Amounts Lower than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	199.294	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	54.586	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	862.112	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	10.396.404	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	7.251.206	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 01 January 2018-01 January 2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(\*) Amounts considered within transition provisions.

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**I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)**

**2. Items Included in Capital Calculation**

<b>Information about instruments included in total capital calculation-Current Period</b>		
	<b>T.C Ziraat Bankası A.Ş.</b>	<b>Ziraat Katılım Bankası A.Ş.</b>
Issuer	T.C Ziraat Bankası A.Ş.	Türkiye Varlık Fonu Yönetimi A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739	-
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity of the BRSA.	The Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity of the BRSA.
<b>Regulatory treatment</b>		
Subject to 10% deduction as of 1/1/2015	None	None
Eligible on unconsolidated and /or unconsolidated basis	Eligible on consolidated and unconsolidated	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)	Additional Capital Credit (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	20.710	1.150
Nominal value of instrument (TL million)	20.710	1.474
Accounting classification of the instrument	347001-Subordinated Debts Instruments	347000- Subordinated Loans
Original date of issuance	24 April 2019	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual	Perpetual
Issue date of the instrument	24 April 2019	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.	Option date is 5 years, (subject to BRSA permission)
Subsequent call dates, if applicable	24.04.2024	
<b>Interest/dividend payment</b>		
Fixed or floating coupon/dividend payments	Fixed	None
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed	None
Existence of any dividend payment restriction	None	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary	None
Existence of step up or other incentive to redeem	None	None
Noncumulative or cumulative	Noncumulative	None
<b>Convertible into equity shares</b>		
If convertible, conversion trigger (s)	None	None
If convertible, fully or partially	None	None
If convertible, conversion rate	None	None
If convertible, mandatory or optional conversion	None	None
If convertible, type of instrument convertible into	None	None
If convertible, issuer of instrument to be converted into	None	None
<b>Write-down feature</b>		
If bonds can be written-down, write-down trigger(s)	Yes. Article 7 of the Regulation on Bank Capital	If the Core Capital adequacy ratio or the consolidated Core Capital adequacy ratio falls below 5.125 percent
If bond can be written-down, full or partial	Has full or partial write down feature	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature	Has temporary write down feature.
If temporary write-down, description of write-up mechanism.	Has-write up mechanism	It is possible to write up after temporary write down.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors	i. After payments within the scope of Priority Liabilities, ii. Equal (pari passu) among themselves and with all other Co-Liabilities without order of preference, and iii Prior to all payments under Low-Degree Liabilities
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

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

**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY  
(Continued)**

**3. Necessary Explanations in order to Reach an Agreement Between the Statement of  
Shareholder’s Equity and Balance-Sheet Amounts**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance Sheet - Equity</b>	<b>101.143.119</b>	<b>95.073.553</b>
Operational Leasing Development Costs	(76.178)	(44.857)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(1.677.133)	(1.214.133)
TIER 2 Capital (Provisions)	9.628.527	7.251.206
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	21.860.635	13.317.710
Other deductions from common equity	(16.026)	(23.169)
Minority interest	(1.589.232)	(3.980)
Other regulations	5.810.407	-
Amount recognized in regulatory capital	<b>135.084.119</b>	<b>114.356.330</b>

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK**

**1. Information on Credit Risk**

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

The limits of the credit customers are identified, after combined assessment of various factors like the financial and nonfinancial information of the credit customers, credit requirements, sectoral and geographical features and, in conformity with the legal legislation, in line with the credit authorization limits of the branches, Group Presidencies, Department Presidencies, Assistant General Management, General Manager, Credit Committee and Board of Directors.

In order to prevent the risk intensity on the commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The Group’s credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Directorates /Branches.

The limits, subjects, collateral structure, maturities, accounts booked, outstanding balances of the loans allocated by the branches are periodically analyzed depending on the number of customers and monitored on customer and regional basis.

After the opening of the lines of the commercial loans, the firms are continued to be monitored and the changes at the financial structures and market relations of the credit firms are followed. The credit limits are identified and approved for one year and renewed in case of no negative change in the situation of the customer (financial structure, market, collateral, etc.).

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

#### EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (Continued)

##### 1. Information on Credit Risk (Continued)

The Parent Bank is assessing credibility of the customer as the essential factor in issuing credits and creditors' credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Parent Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Parent Bank's credit risk significantly declines.

On August 2012 the Parent Bank started applying internal ratings processes as a decision support system for analyzing credit worthiness and determining credit allocation for Corporate/Commercial consumer loans.

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

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries. When banks and/or countries are financially or economically risky, identified limits can be restricted with maturity, amount or type of transaction or use of credit is called off.

Since the Parent Bank's abroad lending operations have no significant effect on the financial statements, and operations and transactions are diversified via the use of different financial institutions in various countries, The Parent Bank is not believed to be exposed to a significant credit risk as a result of these operations.

Foreign financial institution and country risks of the Parent Bank are generally taken on financial institutions and countries which are rated by international rating institutions. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the client.

The Parent Bank engages in foreign currency swaps and forward transactions considering its asset-liability balance and legal limits within the framework of the authorities and limits determined by the Board of Directors. These are not considered to generate material risk given the amount of these transactions in the balance sheet.

Non-cash risks of customers classified as non-performing loans in accordance with the Communiqué on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions" are subjected to expected loss provision (Stage 3) under the same regulation, when the related risks are reimbursed and transformed into cash receivables, they are followed up in the same risk group as the cash loan which was previously classified as non-performing loans and the expected losses provision (Stage 3) continues to be provided.

Restructured and rescheduled loans are also booked in line with procedures and under accounts defined by the related regulation. Furthermore, they are monitored by the Parent Bank in line with credit risk policies. In this context, financial situation and commercial operations of related customers are analyzed and in terms of restructured plan, whether principal and interest payments have been paid is being checked and necessary measures are taken.

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 29% and 34% respectively (31 December 2020: 23% and 27%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 51% and 62% respectively (31 December 2020: 48% and 59%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 30% and 37% respectively (31 December 2020: 24% and 30%).

The total amount of the first and second phase provisions set aside for the credit risk undertaken by the Group is TL 19.764.706. (31 December 2020: TL 10.303.277)

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (Continued)**

**2. The Profile of Important Risks of Important Regions**

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development bank	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	due receivables	Receivables defined in high risk category by BRSB	Securities collateralised by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	Total
<b>Current Period</b>																		
Domestic	466.229.438	463.257	6.043.516	-	-	21.634.146	439.273.197	283.055.124	106.002.214	4.252.148	11.652.938	-	-	-	1.065.711	1.349.590	37.418.927	1.378.440.206
European Union Countries	403.034	-	-	-	-	53.719.505	8.317.504	356.679	145.032	6.269	33.984	-	-	-	-	3.645	173.956	63.159.608
OECD Countries <sup>(1)</sup>	-	-	-	-	-	1.795.066	465.167	37.947	17.369	477	4.295	-	-	-	-	-	-	2.320.321
Off-shore banking	37	-	-	-	-	1.202.275	198.913	1.496	2.557	4	134	-	-	-	-	-	-	1.405.416
USA, Canada	-	-	-	-	-	1.818.472	434.135	24.952	17.271	487	1.356	-	-	-	-	-	-	2.296.673
Other Countries	3.332.116	17.051	24	-	-	6.769.972	9.138.580	2.221.951	204.785	3.795	6.630.047	-	-	-	-	312.987	2.385.573	31.016.881
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.923	388.743	100	399.766
Unallocated Assets/Liabilities <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>469.964.625</b>	<b>480.308</b>	<b>6.043.540</b>	<b>-</b>	<b>-</b>	<b>86.939.436</b>	<b>457.827.496</b>	<b>285.698.149</b>	<b>106.389.228</b>	<b>4.263.180</b>	<b>18.322.754</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.076.634</b>	<b>2.054.965</b>	<b>39.978.556</b>	<b>1.479.038.871</b>

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

- (1) OECD Countries other than EU countries, USA and Canada.  
(2) Assets and liabilities that could not be distributed on a consistent basis

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (Continued)**

**2. The Profile of Important Risks of Important Regions (Continued)**

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development bank	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Other receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	Total
<b>Prior Period</b>																		
Domestic	229.733.733	536.899	763.014	-	-	34.987.970	326.130.329	252.803.855	100.831.143	3.911.447	106.954	-	-	-	1.873.895	246.995	39.267.401	991.193.635
European Union Countries	324.326	-	-	-	-	49.319.220	5.323.640	385.102	153.533	4.665	286	-	-	-	-	12	86.423	55.597.207
OECD Countries <sup>(1)</sup>	-	-	-	-	-	572.949	479.121	16.942	10.767	107	4	-	-	-	-	-	574	1.080.464
Off-shore banking	10	-	-	-	-	423.997	-	250	1.607	2	-	-	-	-	-	-	6	425.872
USA, Canada	-	-	-	-	-	981.262	510.295	25.311	18.445	682	-	-	-	-	-	-	357	1.536.352
Other Countries	2.321.924	11.170	26	-	-	2.869.824	6.294.153	3.325.728	193.505	78.242	2.659.422	-	-	-	-	137.805	1.028.582	18.920.381
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	203.969	318.295	100	522.364
Unallocated Assets/Liabilities <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>232.379.993</b>	<b>548.069</b>	<b>763.040</b>	<b>-</b>	<b>-</b>	<b>89.155.222,00</b>	<b>338.737.538</b>	<b>256.557.188</b>	<b>101.209.000</b>	<b>3.995.145</b>	<b>2.766.666</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.077.864</b>	<b>703.107</b>	<b>40.383.443</b>	<b>1.069.276.275</b>

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (Continued)**

**3. Risk Profile by Sectors or Counterparties**

Current Period	Risk Classes										Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitization positions	Short-term from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other Receivables	TL	FC	Total	
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables	Conditional and unconditional receivables	Conditional and unconditional receivables secured by mortgages	Conditional and unconditional receivables												
<b>Sectors/Counter Parties</b>																						
Agriculture	82	1.078	10.881	-	-	-	14.646.439	88.172.607	5.272.058	263.782	1.938	-	-	-	-	214.435	-	107.867.185	716.115	108.583.300		
Farming and Stockbreeding	5	1.078	10.881	-	-	-	13.989.591	87.746.978	5.242.773	262.287	1.846	-	-	-	-	214.435	-	107.177.086	292.788	107.469.874		
Forestry	77	-	-	-	-	-	63.782	337.597	16.740	414	2	-	-	-	-	-	-	401.413	17.599	419.012		
Fishing	-	-	-	-	-	-	593.066	87.632	12.545	1.081	90	-	-	-	-	-	-	288.686	405.728	694.414		
Manufacturing	1.608.905	585	272.330	-	-	-	186.384.075	24.778.485	1.979.225	373.675	11.431	-	-	-	-	196.154	-	98.491.323	117.113.540	215.604.863		
Mining and Quarrying	-	-	-	-	-	-	9.233.033	369.933	51.629	4.216	28	-	-	-	-	-	-	2.038.979	7.619.860	9.658.839		
Production	1.608.897	7	110.647	-	-	-	136.277.381	24.120.136	1.887.971	365.882	11.383	-	-	-	-	196.154	-	87.653.952	76.924.506	164.578.458		
Electric, Gas and Water	8	578	161.683	-	-	-	40.873.661	288.416	39.625	3.575	20	-	-	-	-	-	-	8.798.392	32.569.174	41.367.566		
Construction	-	-	11	-	-	-	58.679.415	8.826.535	1.965.347	222.957	36.906	-	-	-	216.669	119.622	-	34.876.109	35.191.353	70.067.462		
Services	265.706.017	18.767	427.461	-	-	-	86.851.466	172.785.520	53.401.901	4.472.691	624.318	1.708.463	-	-	859.924	1.355.629	29.927.596	248.136.926	370.002.827	618.139.753		
Wholesale and Retail Trade	-	20	7.573	-	-	-	43.729.838	38.868.235	2.861.309	484.077	6.751	-	-	-	-	-	-	71.468.144	14.489.659	85.957.803		
Hotel Food and Beverage Services	6.711	35	1.288	-	-	-	12.440.806	3.485.085	398.457	40.838	3.308	-	-	-	-	-	-	6.035.251	10.341.277	16.376.528		
Transportation and Telecommunication	-	25	328.705	-	-	-	58.067.937	4.872.330	331.060	40.702	1.800	-	-	-	-	-	-	9.687.950	53.954.609	63.642.559		
Financial Institutions	265.384.098	9.858	-	-	-	-	82.659.649	5.197.605	26.595	6.695	5	1.694.761	-	-	519.087	-554.863	29.927.596	126.657.876	258.213.206	384.871.082		
Real Estate and Leasing Services	236.571	18.686	17.194	-	-	-	4.191.817	49.942.402	4.552.574	744.515	41.494	1.699	-	-	340.837	1.910.492	-	30.044.409	31.953.876	61.998.285		
Self Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Education Services	77.122	-	28.501	-	-	-	1.293.562	616.265	76.969	10.470	26	-	-	-	-	-	-	1.572.313	530.602	2.102.915		
Health and Social Services	1.515	1	34.342	-	-	-	2.113.370	980.817	53.686	6.732	118	-	-	-	-	-	-	2.670.983	519.598	3.190.581		
Other	202.649.621	459.878	5.332.857	-	-	-	87.970	25.332.047	110.518.621	92.699.907	2.778.450	16.564.016	-	-	41	169.125	10.080.960	307.486.287	159.137.206	466.643.493		
<b>Total</b>	<b>469.964.625</b>	<b>480.308</b>	<b>6.043.540</b>				<b>86.939.436</b>	<b>457.827.496</b>	<b>285.698.149</b>	<b>106.389.228</b>	<b>4.263.180</b>	<b>18.322.754</b>			<b>1.076.634</b>	<b>2.054.965</b>	<b>39.978.556</b>	<b>796.857.830</b>	<b>682.181.041</b>	<b>1.479.038.871</b>		

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (Continued)**

**3. Risk Profile by Sectors or Counterparties (Continued)**

Prior Period	Risk Classes																			Total
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from links and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Receivables defined in high risk category by BRSA	Securities collateralised by mortgage	Securitization positions	Short-term investments from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other Receivables	TL	FC		
Sectors/Counter Parties																				
Agriculture	92	356	4.612	-	-	7.095.182	64.362.446	15.902.777	311.309	1.050	-	-	-	-	-	1.823.019	88.851.015	649.828	89.500.843	
Farming and Stockbreeding	5	356	4.612	-	-	6.409.739	63.372.866	15.690.613	304.375	280	-	-	-	-	-	1.805.739	87.240.129	348.456	87.588.585	
Forestry	87	-	-	-	-	59.716	370.303	78.315	1.898	7	-	-	-	-	-	12.855	516.544	6.637	523.181	
Fishing	-	-	-	-	-	625.727	619.277	133.849	5.036	763	-	-	-	-	-	4.425	1.094.342	294.735	1.389.077	
Manufacturing	109.312	683	245.890	-	-	142.685.606	27.973.561	12.326.844	514.318	11.746	-	-	38.948	-	-	356.927	96.261.345	88.002.290	184.263.635	
Mining and Quarrying	-	-	2.736	-	-	7.210.149	342.688	151.385	3.419	45	-	-	-	-	-	134	1.954.255	5.756.301	7.710.556	
Production Electric, Gas and Water	109.305	4	234.863	-	-	101.028.479	27.433.577	11.937.460	461.136	11.437	-	-	-	-	-	355.661	87.595.225	53.976.697	141.571.922	
Construction	7	679	8.291	-	-	34.446.978	197.096	237.999	49.763	264	-	-	-	-	38.948	1.132	6.711.865	28.269.292	34.981.157	
Services	91.326.268	1.329	213.305	-	-	44.075.516	7.909.278	5.163.311	918.930	198.123	-	-	243.923	-	542.422	32.507	34.269.035	24.344.100	58.613.135	
Wholesale and Retail Trade	4	20	8.314	-	-	39.353.451	46.362.844	14.116.226	756.760	7.472	-	-	-	-	69.981	95.061	88.858.054	11.912.079	100.770.133	
Hotel Food and Beverage Services	5.800	35	1.676	-	-	9.252.108	4.983.261	2.464.940	124.383	260	-	-	-	-	-	17.096	9.035.248	7.814.311	16.849.559	
Transportation and Telecommunication	4.226	163	105.714	-	-	43.053.545	7.320.684	3.072.453	81.962	2.210	-	-	-	-	-	38.513	12.772.298	40.907.172	53.679.470	
Financial Institutions	90.812.667	-	6.088	-	-	79.210.387	3.440.531	19.255	12.923	13	-	-	322.294	-	472.441	27.676.744	56.023.581	146.901.722	202.925.303	
Sectors/Counter Parties	423.838	1.089	23.663	-	-	8.864.784	34.936.769	5.214.373	2.461.739	285.117	-	-	-	-	1.511.647	6.413	30.606.531	23.124.430	53.730.961	
Real Estate and Leasing Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Self Employment Services	78.241	-	38.632	-	-	842.031	650.386	208.417	21.025	43	-	-	-	-	-	599	1.398.444	440.930	1.839.374	
Education Services	1.492	22	29.218	-	-	1.806.990	1.237.120	406.293	28.119	20	-	-	-	-	-	657	3.124.500	385.431	3.509.931	
Health and Social Services	140.944.321	545.701	227.686	-	-	1.080.051	12.195.809	90.524.180	45.073.077	953.209	-	-	-	-	121.737	10.335.907	218.930.116	84.663.815	303.593.931	
Other	232.379.993	548.069	763.040	-	-	89.155.222	338.737.538	256.557.188	101.209.000	3.995.145	-	-	-	-	2.077.864	703.107	40.383.443	640.130.167	429.146.108	1.069.276.275

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

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (Continued)**

**4. Analysis of maturity-bearing exposures according to remaining maturities**

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
<b>Exposure Classifications:</b>					
Conditional and unconditional exposures to central governments or central banks	120.195.995	9.301.808	3.154.865	18.347.515	318.964.442
Conditional and unconditional exposures to regional governments or local authorities	7.863	1.839	9.991	91.227	369.388
Conditional and unconditional receivables from administrative units and non-commercial enterprises	46.482	3.227	506.799	194.452	5.292.580
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	32.541.315	16.932.692	5.222.004	3.474.173	28.769.252
Conditional and unconditional exposures to corporates	14.060.925	29.291.933	32.262.046	103.139.884	279.072.708
Conditional and unconditional retail exposures	3.268.755	10.042.445	11.223.112	85.474.845	175.688.992
Conditional and unconditional exposures secured by real estate property	178.822	757.971	918.768	5.389.712	99.143.955
Past due receivables	824.342	100.478	94.399	166.813	3.077.148
Receivables defined in high risk category by BRSA	2.269.085	199.529	1.121.556	1.513.906	13.218.678
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	-	68.611	-	89.640	918.383
Investments in Equity Instruments	-	-	-	-	2.054.965
<b>Grand Total</b>	<b>173.393.584</b>	<b>66.700.533</b>	<b>54.513.540</b>	<b>217.882.167</b>	<b>926.570.491</b>

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

Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
<b>Exposure Classifications:</b>					
Conditional and unconditional exposures to central governments or central banks	7.987.543	3.893.690	3.754.214	7.083.518	209.661.028
Conditional and unconditional exposures to regional governments or local authorities	3.611	6.970	22.078	22.473	492.937
Conditional and unconditional receivables from administrative units and non-commercial enterprises	11.701	21.636	160.105	125.262	444.336
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	51.904.354	11.457.848	2.623.228	2.976.655	20.193.137
Conditional and unconditional exposures to corporates	9.579.447	17.296.467	17.369.732	55.516.521	238.975.371
Conditional and unconditional retail exposures	3.988.085	6.051.321	7.527.840	52.690.243	186.299.699
Conditional and unconditional exposures secured by real estate property	457.169	1.027.114	1.181.826	9.870.835	88.672.056
Past due receivables	1.314.035	52.610	75.175	112.406	2.440.919
Receivables defined in high risk category by BRSA	845.100	25.225	100.461	615.542	1.180.338
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	28.760	54.334	398.802	248.402	1.347.566
Investments in Equity Instruments	-	-	-	-	703.107
<b>Grand Total</b>	<b>76.119.805</b>	<b>39.887.215</b>	<b>33.213.461</b>	<b>129.261.857</b>	<b>750.410.494</b>

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

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (Continued)**

**4. Analysis of maturity-bearing exposures according to remaining maturities (Continued)**

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

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

Fitch Rating’s and the Islamic International Rating Agency’s (IIRA) risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Ratings Long Term Credit Rating	Exposure to Banks and Brokerage Houses	
		Exposures with Original Maturities Less Than 3 Months	Exposures with Original Maturities More Than 3 Months
1	AAA to AA-	20%	20%
2	A+ to A-	20%	50%
3	BBB+ to BBB-	20%	50%
4	BB+ to BB-	50%	100%
5	B+ to B-	50%	100%
6	CCC+ and below	150%	150%

Credit Quality Grade	IIRA Long Term Credit Rating	Receivables from the Central Governments and the Central Banks
1	AAA to AA-	0%
2	A+ to A-	20%
3	BBB+ to BBB-	50%
4	BB+ to BB-	100%
5	B+ to B-	100%
6	CCC+ and below	150%

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (Continued)**

**5. Exposures by risk weights**

**Current Period**

Risk Weights	0%	2%	10%	20%	35%	50%	75%	100%	150%	200%	Other	Deductions from Equity
1 Exposures before Credit Risk Mitigation	475.305.383	-	-	27.463.700	3.438.596	76.174.991	348.878.623	514.842.373	18.313.684	-	14.621.521	1.769.337
2 Exposures after Credit Risk Mitigation	563.610.970	-	-	12.389.612	70.871.811	77.304.996	252.223.212	483.294.235	18.216.712	-	1.127.323	1.769.337

Prepared with the numbers after conversion rate to credit

**Prior Period**

Risk Weights	0%	2% <sup>(*)</sup>	10%	20%	35%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1 Exposures before Credit Risk Mitigation	245.211.123	21.067.850	-	27.650.954	2.650.349	42.406.404	343.604.303	383.941.291	2.744.001	-	-	1.282.159
2 Exposures after Credit Risk Mitigation	345.642.501	1.581.631	-	16.572.834	71.304.824	61.234.416	221.494.128	348.703.954	2.741.987	-	-	1.282.159

Prepared with the numbers after conversion rate to credit

<sup>(\*)</sup> In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

**6. Information in terms of major sectors and type of counterparties**

Current Period	Loans		Provision
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
	<b>6.163.652</b>	<b>1.252.576</b>	<b>1.160.147</b>
<b>Agriculture</b>			
Farming and Stockbreeding	6.134.911	1.234.196	1.144.857
Forestry	18.739	11.537	9.463
Fishery	10.002	6.843	5.827
<b>Manufacturing</b>	<b>28.942.182</b>	<b>3.078.357</b>	<b>11.596.817</b>
Mining and Quarrying	252.933	37.923	58.031
Production	23.900.303	2.809.180	10.211.423
Electricity, Gas and Water	4.788.946	231.254	1.327.363
<b>Construction</b>	<b>9.602.610</b>	<b>3.410.313</b>	<b>5.032.188</b>
<b>Services</b>	<b>25.692.112</b>	<b>6.093.893</b>	<b>8.156.349</b>
Wholesale and Retail Trade	7.439.596	3.647.863	3.125.350
Accommodation and Dining	6.076.332	594.100	1.016.795
Transportation and Telecom.	979.903	217.375	183.586
Financial Institutions	146.444	11.664	9.760
Real Estate and Rental Services	9.360.640	1.464.067	3.437.207
Professional Services	3.330	174	130
Educational Services	698.445	82.069	76.917
Health and Social Services	987.422	76.581	306.604
<b>Other</b>	<b>14.287.873</b>	<b>6.371.061</b>	<b>4.319.208</b>
<b>Total</b>	<b>84.688.429</b>	<b>20.206.200</b>	<b>30.264.709</b>

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (Continued)**

**6. Information in terms of major sectors and type of counterparties: (Continued)**

Prior Period	Loans		Provision Provisions for Expected Credit Loss (TFRS)
	Impaired (TFRS 9) Significant Increase in Credit Risk(Stage 2)	Non-performing loans (Stage 3)	
<b>Agriculture</b>	<b>2.736.308</b>	<b>2.024.815</b>	<b>1.246.624</b>
Farming and Stockbreeding	2.721.259	2.001.127	1.227.323
Forestry	4.590	12.258	10.179
Fishery	10.459	11.430	9.122
<b>Manufacturing</b>	<b>17.332.160</b>	<b>2.817.918</b>	<b>6.268.999</b>
Mining and Quarrying	141.979	38.627	57.255
Production	14.027.766	2.540.613	5.538.464
Electricity, Gas and Water	3.162.415	238.678	673.280
<b>Construction</b>	<b>4.636.989</b>	<b>3.257.106</b>	<b>2.815.258</b>
<b>Services</b>	<b>10.242.014</b>	<b>5.746.448</b>	<b>5.399.666</b>
Wholesale and Retail Trade	3.618.857	3.344.457	2.902.166
Accommodation and Dining	2.797.299	408.248	407.206
Transportation and Telecom.	230.312	294.026	229.964
Financial Institutions	11.997	53.519	52.819
Real Estate and Rental Services	2.563.665	1.461.697	1.418.643
Professional Services	-	502	268
Educational Services	115.954	89.149	73.284
Health and Social Services	903.930	94.850	315.316
<b>Other</b>	<b>5.031.966</b>	<b>2.834.927</b>	<b>2.404.111</b>
<b>Total</b>	<b>39.979.437</b>	<b>16.681.214</b>	<b>18.134.658</b>

**7. Information about Value Adjustment and Change in Provisions**

	Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Expected Loss Provisions	11.911.061	5.273.331	(2.953.820)	1.042.324	15.272.896
2	Stage 1 and 2 Expected Loss Provisions	9.111.627	9.858.415	(1.318.091)	(30)	17.651.921

	Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Expected Loss Provisions	9.202.528	3.791.820	(1.691.127)	607.840	11.911.061
2	Stage 1 and 2 Expected Loss Provisions	4.959.763	6.586.672	(2.434.808)	-	9.111.627

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (Continued)**

**8. Risks Included Capital Capacity Buffer Calculations**

**Current Period**

<b>Country</b>	<b>Banking Accounts RWA</b>	<b>Trading Accounts RWA</b>	<b>TOTAL</b>
Bosnia and Herzegovina	5.057.363	-	5.057.363
Germany	49.552.789	-	49.552.789
Azerbaijan	2.875.782	-	2.875.782
Turkish Republic of Northern Cyprus	2.307.808	-	2.307.808
Holland	2.238.210	-	2.238.210
Kazakhstan	2.040.795	-	2.040.795
Uzbekistan	1.585.613	-	1.585.613
Iraq	1.130.892	422.709	1.553.601
Russia	1.436.290	-	1.436.290
USA	452.491	957.428	1.409.919
Other	5.711.243	223.654	5.934.897

**Prior Period**

<b>Country</b>	<b>Banking Accounts RWA</b>	<b>Trading Accounts RWA</b>	<b>TOTAL</b>
Bosnia and Herzegovina	6.050.995	-	6.050.995
Germany	4.115.233	-	4.115.233
Turkish Republic of Northern Cyprus	1.592.974	-	1.592.974
Azerbaijan	1.579.233	-	1.579.233
Holland	1.438.561	-	1.438.561
Kazakhstan	1.349.362	-	1.349.362
USA	428.599	527.070	955.669
Montenegro	873.394	-	873.394
Iraq	676.683	190.941	867.624
Russia	800.109	-	800.109
Other	4.385.639	92.763	4.478.402

**III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK**

**1. Whether the Parent Bank is Exposed to Foreign Currency Risk, Whether the Effects of This Matter are Estimated, Whether Limits for The Daily Followed Positions are Determined by the Board of Directors**

The Parent Bank’s policy is to avoid carrying significant position by means of foreign currency management. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, Value at Risk (VAR) is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit approved by the Board of Directors is also monitored on daily basis. Additionally, dealer’s position and operational limits for foreign exchange transactions are under the authorization of the Board of Directors.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)**

**2. Hedge Against Foreign Exchange Debt Instruments and Net Foreign Exchange Investments by Hedging Derivative Instruments, if Material**

None.

**3. Management Policy for Foreign Currency Risk**

Periodic “Liquidity Gap Analysis” and “Repricing Gap Analysis” to determine the liquidity and structural interest rate risks in the US Dollar and Euro, which are the most important foreign currencies in which the Parent Bank operates, and the historical renewal rates of foreign exchange deposit accounts. “Structural Liquidity Gap Analysis” is performed. In addition, daily VaR analysis for the follow-up of currency risk and within the scope of legal reporting, Foreign Currency Net General Position / Equity ratio and Foreign Currency Liquidity Position are regularly monitored. The Parent Bank manages the Turkish Lira or foreign currency risks that may occur in the domestic and international markets and follows the transactions that create these risks, and manages these risks at optimum levels within the framework of market expectations and within the scope of its strategies by considering the balances with other financial risks. Sensitivity analysis regarding the currency risk that the Group is exposed to is explained in Note 8.

**4. Current Foreign Exchange Bid Rates of The Parent Bank for The Last 5 Business Days Prior to The Financial Statement Date**

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.12.2021	11,6027	13,1354	8,3830	1,7669	1,2743	12,6295	9,0547	1,3132	15,5569	3,0899	10,1467
27.12.2021	11,3014	12,7989	8,1687	1,7215	1,2396	12,3123	8,8217	1,2761	15,1744	3,0097	9,8496
28.12.2021	11,7363	13,2608	8,4959	1,7838	1,2943	12,7832	9,1704	1,3327	15,7712	3,1250	10,2205
29.12.2021	12,5456	14,2342	9,0893	1,9150	1,3890	13,7155	9,7905	1,4270	16,9039	3,3428	10,9339
30.12.2021	12,9903	14,7271	9,4465	1,9809	1,4387	14,2219	10,1653	1,4768	17,5538	3,4606	11,2880
31.12.2021	13,0427	14,7930	9,4690	1,9897	1,4374	14,2745	10,2803	1,4770	17,6193	3,4745	11,3326

**5. Simple Arithmetic Average of The Parent Bank’s Current Foreign Exchange Bid Rates for The Last 30 Days Prior to The Balance Sheet Date**

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
13,5272	15,2892	9,6790	2,0565	1,4878	14,6958	10,5750	1,5067	17,9950	3,6048	11,8897

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)**

**6. Information on The Foreign Currency Risk of the Group**

	EUR	USD	Other FC	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	74.628.332	97.533.297	28.995.543	201.157.172
Banks <sup>(7)</sup>	5.853.482	6.163.158	4.742.338	16.758.978
Financial Assets at Fair Value Through Profit and Loss	-	983.997	25.547.096	26.531.093
Money Markets Receivables	-	-	450.634	450.634
Financial Assets at Fair Value Through Other Comprehensive Income	11.533.705	142.913.166	352.093	154.798.964
Loans <sup>(1)(6)</sup>	134.015.413	156.485.933	7.635.290	298.136.636
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	486.755	26.502	513.257
Financial Assets Measured at Amortized Cost	25.313.443	6.592.181	69.979	31.975.603
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	264.160	4.561	922.965	1.191.686
Intangible Assets	43.387	6.660	71.845	121.892
Other Assets <sup>(3)</sup>	1.647.467	2.405.000	450.550	4.503.017
<b>Total Assets <sup>(4)</sup></b>	<b>253.299.389</b>	<b>413.574.708</b>	<b>69.264.835</b>	<b>736.138.932</b>
<b>Liabilities</b>				
Interbank Deposits	36.018.897	3.338.701	2.235.979	41.593.577
Foreign Currency Deposits	268.679.015	240.545.195	91.566.902	600.791.112
Money Markets Borrowings	-	37.053.037	-	37.053.037
Funds Provided from Other Financial Institutions	19.512.810	39.534.423	1.392.692	60.439.925
Issued Marketable Securities <sup>(5)</sup>	21.427.602	25.151.350	371	46.579.323
Miscellaneous Payables	2.116.368	1.199.502	254.979	3.570.849
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	2.950.533	3.130.801	433.305	6.514.639
<b>Total Liabilities</b>	<b>350.705.225</b>	<b>349.953.009</b>	<b>95.884.228</b>	<b>796.542.462</b>
<b>Net Balance Sheet Position</b>	<b>(97.405.836)</b>	<b>63.621.699</b>	<b>(26.619.393)</b>	<b>(60.403.530)</b>
<b>Net Off-Balance Sheet Position<sup>(2)</sup></b>	<b>100.986.295</b>	<b>(70.381.915)</b>	<b>32.096.177</b>	<b>62.700.557</b>
Financial Derivative Assets	114.544.132	92.671.196	38.423.861	245.639.189
Financial Derivative Liabilities	13.557.837	163.053.111	6.327.684	182.938.632
Non-Cash Loans	82.654.563	128.029.712	17.311.928	227.996.203
<b>Prior Period</b>				
Total Assets	137.052.937	219.153.377	40.345.214	396.551.528
Total Liabilities	194.188.510	204.513.430	58.763.457	457.465.397
<b>Net Balance Sheet Position</b>	<b>(57.135.573)</b>	<b>14.639.947</b>	<b>(18.418.243)</b>	<b>(60.913.869)</b>
<b>Net Off-Balance Sheet Position <sup>(2)</sup></b>	<b>57.329.355</b>	<b>(24.817.036)</b>	<b>25.674.893</b>	<b>58.187.212</b>
Financial Derivative Assets	66.178.121	80.849.019	26.896.712	173.923.852
Financial Derivative Liabilities	8.848.766	105.666.055	1.221.819	115.736.640
Non-Cash Loans	47.061.577	53.914.659	8.759.577	109.735.813

(1) TL 133.697 equivalent of USD and TL 140.542 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2020: TL 129.364 equivalent of USD and TL 225.427 equivalent of EUR).

(2) Indicates the net balance of receivables and payables on derivative financial instruments

(3) Prepared expenses in other assets amounting to TL 52.840 are not included in the table

(4) Expected loss provisions for financial assets and other assets are reflected in related items.

(5) Includes subordinated debt instruments.

(6) It also includes receivables from leasing and factoring transactions.

(7) Includes the guarantees given for derivative and repo transactions with foreign banks.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**  
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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)**

**6. Information on The Foreign Currency Risk of the Group (Continued)**

*Analysis of Sensitivity to Currency Risk*

The effect of 10% depreciation of TL against USD, Euro and other currencies on equity and profit or loss statement (excluding tax effects) for the year ended 31 December 2021 and 31 December 2020 is shown in the table below.

This analysis has been prepared with the assumption that all other variables, especially interest rates, remain constant.

	Current Period – 31 December 2021		Prior Period – 31 December 2020	
	Profit or Loss Statement	Equity (*)	Profit or Loss Statement	Equity (*)
USD	(223.208)	(472.384)	(292.956)	(419.439)
EUR	101.066	(252.145)	(47.189)	(259.321)
Other Currencies	100.444	100.444	142.831	142.831
<b>Total (Net) (**)</b>	<b>(21.698)</b>	<b>(624.085)</b>	<b>(197.314)</b>	<b>(535.929)</b>

(\*) Equity effect also includes the effect of profit or loss due to the 10% depreciation of TL against the relevant foreign currencies.

(\*\*) Associates, subsidiaries, and entities under common control are included in the profit or loss statement impact calculation, but not in equity impact calculation. Tangible and intangible assets are not included in the equity and profit or loss statement impact calculation.

The effect of 10% appreciation of TL against USD, Euro and other currencies on equity and profit or loss statement (excluding tax effect) for the year ending on 31 December 2021 and 31 December 2020 is shown in the table below.

	Current Period – 31 December 2021		Prior Period – 31 December 2020	
	Profit or Loss Statement	Equity (*)	Profit or Loss Statement	Equity (*)
USD	223.208	472.384	292.956	419.439
EUR	(101.066)	252.145	47.189	259.321
Other Currencies	(100.444)	(100.444)	(142.831)	(142.831)
<b>Total (Net) (**)</b>	<b>21.698</b>	<b>624.085</b>	<b>197.314</b>	<b>535.929</b>

(\*) Equity effect also includes the effect of profit or loss due to the 10% appreciation of TL against related foreign currencies.

(\*\*) Associates, subsidiaries and entities under common control are included in the profit or loss statement impact calculation, but not in equity impact calculation. Tangible and intangible assets are not included in the equity and profit or loss statement impact calculation.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK**

**1. Information Related to Interest Rate Sensitivity of Assets, Liabilities and Off-Balance Sheet Items**

(Based on dates to repricing dates)

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	30.229.017	-	-	-	-	197.311.613	227.540.630
Banks <sup>(8)</sup>	4.535.689	538.220	637.628	589	-	11.811.053	17.523.179
Financial Assets at Fair Value Through Profit and Loss	52.804	6.706.897	3.067.736	15.909.462	26.184	2.788.039	28.551.122
Money Markets Receivables	1.249.698	-	-	-	-	-	1.249.698
Financial Assets at Fair Value Through Other Comprehensive Income	42.468.332	20.572.880	59.285.568	96.175.210	60.561.662	714.402	279.778.054
Loans Given <sup>(3)(7)</sup>	251.702.029	81.325.397	166.982.372	262.666.274	73.902.547	4.933.304	841.511.923
Financial Assets Measured at Amortized Cost	813.081	1.110.034	10.184.626	27.787.469	6.433.681	-	46.328.891
Other Assets <sup>(2)</sup>	4.466.630	4.320.376	2.853.665	563.769	357.272	38.488.671	51.050.383
<b>Total Assets <sup>(1)(5)</sup></b>	<b>335.517.280</b>	<b>114.573.804</b>	<b>243.011.595</b>	<b>403.102.773</b>	<b>141.281.346</b>	<b>256.047.082</b>	<b>1.493.533.880</b>
<b>Liabilities</b>							
Interbank Deposits	29.977.786	5.293.148	16.173.994	563.517	1.139.209	6.995.085	60.142.739
Other Deposits	399.092.536	136.846.047	78.282.668	9.080.479	4.252.706	364.163.526	991.717.962
Money Markets Borrowings	153.540.717	21.374.101	2.553.454	3.015.469	-	-	180.483.741
Miscellaneous Payables	-	-	-	-	-	19.033.000	19.033.000
Issued Marketable Securities <sup>(6)</sup>	1.245.168	2.527.922	9.333.952	38.630.139	-	-	51.737.181
Funds Provided from Other Financial Institutions	3.235.390	21.521.436	24.651.350	10.806.615	714.206	11.834	60.940.831
Other Liabilities <sup>(4)(6)</sup>	337.503	804.305	1.964.292	1.982.537	636.606	123.753.183	129.478.426
<b>Total Liabilities <sup>(1)</sup></b>	<b>587.429.100</b>	<b>188.366.959</b>	<b>132.959.710</b>	<b>64.078.756</b>	<b>6.742.727</b>	<b>513.956.628</b>	<b>1.493.533.880</b>
<b>Balance Sheet Long Position</b>	-	-	<b>110.051.885</b>	<b>339.024.017</b>	<b>134.538.619</b>	-	<b>583.614.521</b>
<b>Balance Sheet Short Position</b>	<b>(251.911.820)</b>	<b>(73.793.155)</b>	-	-	-	<b>(257.909.546)</b>	<b>(583.614.521)</b>
Off-Balance Sheet Long Position	7.299.963	2.263.522	-	10	-	-	9.563.495
Off-Balance Sheet Short Position	16.883	30.847	(331.774)	26.227	(1.015.345)	-	(1.273.162)
<b>Total Position</b>	<b>(244.594.974)</b>	<b>(71.498.786)</b>	<b>109.720.111</b>	<b>339.050.254</b>	<b>133.523.274</b>	<b>(257.909.546)</b>	<b>8.290.333</b>

(1) Balances without fixed maturity are shown in the “Non-Interest Bearing” columns.

(2) Deferred tax asset is shown under the “Non-Interest Bearing” column.

(3) Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in loans given.

(4) Total shareholders’ equity is shown under the “Non-Interest Bearing” column.

(5) Allowance for expected losses for financial assets and other assets are reflected in the related items.

(6) Includes subordinated debt instruments.

(7) It also includes receivables from leasing and factoring transactions.

(8) Includes the guarantees given for derivative and repo transactions with foreign banks.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (Continued)**

**1. Information Related to Interest Rate Sensitivity of Assets, Liabilities and Off-Balance Sheet Items (Continued)**

(Based on days to repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	ears and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	10.663.989	-	-	-	-	84.275.914	94.939.903
Banks	2.545.908	160.322	330.510	11.640	-	6.374.979	9.423.359
Financial Assets at Fair Value Through Profit and Loss	253.906	4.487.102	7.265.682	2.785.237	17.280	544.909	15.354.116
Money Markets Receivables	603.736	-	-	-	-	-	603.736
Financial Assets at Fair Value Through Other Comprehensive Income	26.336.732	16.862.958	39.096.787	61.982.137	42.555.478	406.232	187.240.324
Loans Given <sup>(3) (7)</sup>	124.751.285	75.525.451	131.837.989	240.244.974	64.503.611	4.770.153	641.633.463
Financial Assets Measured at Amortized Cost	2.778.964	61.323	7.787.481	16.078.725	3.908.653	-	30.615.146
Other Assets <sup>(2)</sup>	826.462	2.162.783	964.216	138.986	1.135.581	33.494.846	38.722.874
<b>Total Assets <sup>(1)(5)</sup></b>	<b>168.760.982</b>	<b>99.259.939</b>	<b>187.282.665</b>	<b>321.241.699</b>	<b>112.120.603</b>	<b>129.867.033</b>	<b>1.018.532.921</b>
<b>Liabilities</b>							
Interbank Deposits	21.551.648	5.392.665	5.492.551	914.859	-	6.096.456	39.448.179
Other Deposits	285.316.807	99.345.949	55.720.758	6.508.650	539.054	207.958.843	655.390.061
Money Markets Borrowings	111.215.295	5.135.012	849.452	1.302.783	-	-	118.502.542
Miscellaneous Payables	4.225	-	-	-	-	13.578.047	13.582.272
Issued Marketable Securities <sup>(6)</sup>	864.135	2.606.819	4.799.651	23.151.207	-	-	31.421.812
Funds Provided from Other Financial Institutions	1.956.700	14.054.359	14.459.435	6.107.111	564.448	26.498	37.168.551
Other Liabilities <sup>(4)</sup>	1.838.258	683.454	924.477	1.905.131	5.779.625	111.888.559	123.019.504
<b>Total Liabilities <sup>(1)</sup></b>	<b>422.747.068</b>	<b>127.218.258</b>	<b>82.246.324</b>	<b>39.889.741</b>	<b>6.883.127</b>	<b>339.548.403</b>	<b>1.018.532.921</b>
<b>Balance Sheet Long Position</b>	-	-	<b>105.036.341</b>	<b>281.351.958</b>	<b>105.237.476</b>	-	<b>491.625.775</b>
<b>Balance Sheet Short Position</b>	<b>(253.986.086)</b>	<b>(27.958.319)</b>	-	-	-	<b>(209.681.370)</b>	<b>(491.625.775)</b>
Off-Balance Sheet Long Position	3.460.446	3.574.705	516.189	-	-	-	7.551.340
Off-Balance Sheet Short Position	2.646.418	1.080.313	382.179	-	(1.015.345)	255.299	3.348.864
<b>Total Position</b>	<b>(247.879.222)</b>	<b>(23.303.301)</b>	<b>105.934.709</b>	<b>281.351.958</b>	<b>104.222.131</b>	<b>(209.426.071)</b>	<b>10.900.204</b>

- (1) Balances without fixed maturity are shown in the “Non-Interest Bearing” columns.  
(2) Deferred tax asset is shown under the “Non-Interest Bearing” column.  
(3) Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in loans given.  
(4) Total shareholders’ equity is shown under the “Non-Interest Bearing” column.  
(5) Allowance for expected losses for financial assets and other assets are reflected in the related items.  
(6) Includes subordinated debt instruments.  
(7) It also includes receivables from leasing transactions.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (Continued)**

**2. Average Interest Rate Applied to the Monetary Financial Instruments (%) (Represents Values Belonging to the Parent Bank) (%)**

	EUR	USD	JPY	TL
<b>Current Period <sup>(4)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(1)</sup>	-	-	-	8,50
Banks	4,30	-	-	17,63
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	-
Money Markets Receivables	-	-	-	17,31
Financial Assets at Fair Value Through Other Comprehensive Income	3,72	4,83	-	14,70
Loans Given <sup>(2)</sup>	4,74	5,68	6,00	13,42
Financial Assets Measured at Amortized Cost	4,76	7,47	-	14,33
<b>Liabilities</b>				
Interbank Deposits	0,22	0,25	-	14,14
Other Deposits	0,27	0,93	-	14,15
Money Markets Borrowings	-	1,78	-	14,22
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities <sup>(3)</sup>	5,08	5,05	-	16,99
Funds Provided from Other Financial Institutions	1,69	2,38	-	15,67

<sup>(1)</sup> The rate on TL column denotes the interest rates applied for required reserve at CBRT.

<sup>(2)</sup> Credit card loans are not included.

<sup>(3)</sup> Subordinated debt instruments are included

<sup>(4)</sup> Foreign branches are excluded.

	EUR	USD	JPY	TL
<b>Prior Period <sup>(4)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(1)</sup>	-	-	-	12,00
Banks	1,79	-	-	18,02
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	11,88
Money Markets Receivables	-	-	-	15,89
Financial Assets at Fair Value Through Other Comprehensive Income	2,86	4,76	-	11,17
Loans Given <sup>(2)</sup>	4,70	5,93	5,95	11,03
Financial Assets Measured at Amortized Cost	4,87	7,47	-	15,86
<b>Liabilities</b>				
Interbank Deposits	0,20	0,26	-	17,94
Other Deposits	0,56	1,91	-	13,73
Money Markets Borrowings	-	2,34	-	17,25
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities <sup>(3)</sup>	5,08	4,87	-	16,99
Funds Provided from Other Financial Institutions	1,61	2,57	-	14,90

<sup>(1)</sup> The rate on TL column denotes the interest rates applied for required reserve at CBRT.

<sup>(2)</sup> Credit card loans are not included.

<sup>(3)</sup> Subordinated debt instruments are included

<sup>(4)</sup> Foreign branches are excluded

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**V. EXPLANATIONS ON THE POSITION RISK OF CONSOLIDATED EQUITY INSTRUMENTS**

**1. Equity Instruments Position Risk Derived from Banking Books**

*Comparison with the market value if the market value is significantly different from the fair value for balance sheet, fair and market values of equity shares*

Investments in Equity Instruments – Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other (*)	379.440	379.440	-

(\*) The mentioned stock investments are not traded on the stock exchange and there is no stock market price since they are not open to the public.

Investments in Equity Instruments – Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other (*)	289.106	289.106	-

(\*) The mentioned stock investments are not traded on the stock exchange and there is no stock market price since they are not open to the public.

*The breakdown of capital requirements on the basis of related investments in equity instruments depending on the method of the calculation of capital requirement which is chosen by Bank among approaches that are allowed to be used within the Communiqué regarding Credit Risk Standard Method or the Calculation of Counterparty Credit Risk based upon Interior Rating Approaches*

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 379.440 and all of them are 100% risk weighted (31 December 2020: are amounted TL 289.106 and all of them are 100% risk weighted).

*Total unrealized gains or losses, total revaluation value increases and their amounts included in principal and contribution capital*

Portfolio	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total	Included in Supplementary Capital	Total	Included in Supplementary Capital	Included in Contribution Capital
1. Private Capital Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-	-
3. Other Stocks	-	90.775	90.775	-	-	-
<b>Total</b>	-	<b>90.775</b>	<b>90.775</b>	-	-	-

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND  
LIQUIDITY COVERAGE RATIO**

Matters related to liquidity and financial emergency management are determined in the Liquidity and Financial Emergency Management-Liquidity Funding Plan Approved by the Board of Directors.

The Parent Bank conducts the remaining maturity analysis in order to observe the maturity structure of its balance sheet, liquidity gap and structural liquidity gap analysis to monitor the liquidity need by periods, and Liquidity Stress Test in order to evaluate the liquidity need of the Parent Bank in the worst possible situation. Core deposit analysis is carried out to determine the stable part of the deposit, which is the most important fund resource of the Parent Bank. In addition, the Parent Bank-sector maturity structures and legal liquidity ratios are monitored in order to compare the Parent Bank's liquidity risk level with the sector.

**1. Liquidity Risk**

*Explanations related to the liquidity risk management including the Parent Bank’s risk capacity, responsibilities and structure of liquidity risk management, reporting of liquidity risk in internal banking, the strategy of liquidity risk and how to provide the communication of policies and implementations with board of directors and business lines*

The Parent Bank’s risk capacity, risk appetite, responsibilities and tasks of liquidity risk management and sharing of issues related to liquidity risk management with the Parent Bank network are explained in “Regulations of Risk Management, Stress Test Program and ICAAP Regulations” of the Parent Bank. In this context, liquidity risk strategies, policies and implementations are shared within the Parent Bank on a weekly, monthly, quarterly and annual basis with all relevant departments and the Parent Bank’s senior management. The analysis and reports made within this scope are handled at the Asset-Liability Committee meetings and the Board of Directors is informed through the Audit Committee.

*Liquidity management and the degree of centralization of fund strategies, the information about the procedure between Bank and the partners of Bank*

Continuously the information exchange is actualized about the liquidity need and surpluses between the Parent Bank and its partners, the necessary guidance and procedures are moderated by Treasury Management and International Banking Group Presidency in order to manage liquidity need and surplus in effective way.

*Information on the Bank’s funding strategy, including policies on diversity of funding sources and duration*

The Parent Bank’s main funding resource is deposit and the strategy of preserving the granular deposit structure is sustained. Moreover, within the diversification of funding strategy, long-term and cost-effective non-deposit funding is also targeted. In the non-deposit funding; repurchase agreements, post finance, syndication loan facility, loans from international financial institutions, marketable securities issuances, subordinated debt instruments and bilateral loan agreements are at the forefront.

*Explanation related to liquidity management as currencies forming at least 5 percentage of aggregate liabilities of the Parent Bank*

The Parent Bank’s total liabilities are consisted of mostly TL, USD and EUR currencies. Besides these currencies, for other currencies, daily and long-term cash flows are monitored and future projections are made for effective liquidity management purposes.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND  
LIQUIDITY COVERAGE RATIO (Continued)**

**1. Liquidity Risk (Continued)**

*Information related to the techniques about the reduction of current liquidity risk*

The Parent Bank’s source of funds is mainly formed of deposits. The Parent Bank’s deposits do not fluctuate considerably in line with the broadly dispersed customer network and the granular structure of the deposits. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non-deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed.

*Explanation regarding the usage of the stress test*

In the presence of unexpected negative circumstances, stress tests being done in order to test the endurance of the Parent Bank. These actions have been shared with key management of the Parent Bank and all related units for the purpose of taking necessary precautions. Additionally, stress tests also taken into consideration on subjects like the Parent Bank’s estimated financial position for the next period, the progress of legal ratios and the liquidity need in short and long term as part of budget practices.

*General information on liquidity urgent and unexpected situation plan*

The internal and external sources which can be used in an emergency case to satisfy the liquidity need are periodically followed and the borrowing limits of the Parent Bank from organized market and other banks are on the level where they meet the structural liquidity deficits on different maturity segments. The Parent Bank lines off its exposition to liquidity risk by limits that are approved from Board of Directors and within the frame of “Regulation on Risk Management, Stress Test Program and ICAAP Regulations”. In addition, matters related to liquidity and financial emergency management were determined.

**2. Liquidity Coverage Ratio**

Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, The Parent Bank calculates the liquidity cover rate and transmits consolidated on weekly and consolidated on monthly basis to the BRSA. Within the last 3 months the consolidated lowest ratios are as follows: October FC 501,32, TL + FC 170,92; November FC 380,26, TL + FC 178,36; December was realized as FC 412,09, TL + FC 194,09 (31 December 2020: October FC 404,26, TL+FC 140,37; November FC 382,18, TL+FC 128,7; December FC 469,91, TL+FC 137,83).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**  
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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)**

**2. Liquidity Coverage Ratio (Continued)**

	Total Unweighted Amount <sup>(*)</sup>		Total Weighted Amount <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>Current Period</b>				
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			322.965.247	218.841.464
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	623.380.047	365.198.371	55.387.908	36.516.645
Stable deposits	139.001.924	63.842	6.950.096	3.192
Less stable deposits	484.378.123	365.134.529	48.437.812	36.513.453
Unsecured wholesale funding, of which;	307.755.422	144.545.013	143.765.782	68.741.940
Operational deposit	23.234.553	3.413.121	5.790.583	834.806
Non-operational deposits	228.893.514	126.380.404	101.843.105	53.562.568
Other unsecured funding	55.627.355	14.751.488	36.132.094	14.344.566
Secured funding			-	-
Other cash outflows, of which;	125.446.996	23.639.081	13.735.813	13.511.035
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	3.918.175	9.958.096	3.918.175	9.958.096
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	121.528.821	13.680.985	9.817.638	3.552.939
Other revocable off-balance sheet commitments and contractual obligations	15.827.184	15.827.184	791.359	791.359
Other irrevocable or conditionally revocable off-balance sheet obligations	100.068.408	71.449.597	5.525.433	3.572.480
<b>Total Cash Outflows</b>			219.206.295	123.133.459
<b>Cash Inflows</b>				
Secured lending	-	-	-	-
Unsecured lending	61.962.519	30.516.139	37.983.787	20.076.485
Other cash inflows	4.457.071	50.092.952	4.440.532	50.076.413
<b>Total Cash Inflows</b>	<b>66.419.590</b>	<b>80.609.091</b>	<b>42.424.319</b>	<b>70.152.898</b>
			<b>Upper Limit Applied Amounts</b>	
<b>TOTAL HQLA STOCK</b>			<b>322.965.247</b>	<b>218.841.464</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>176.781.976</b>	<b>52.980.561</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>182,69</b>	<b>413,06</b>

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

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)**

**2. Liquidity Coverage Ratio (Continued)**

	Total Unweighted Amount <sup>(*)</sup>		Total Weighted Amount <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>Prior Period</b>				
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			188.259.913	102.705.164
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	450.212.905	254.036.348	39.319.152	25.402.159
Stable deposits	114.042.765	29.514	5.702.138	1.476
Less stable deposits	336.170.140	254.006.834	33.617.014	25.400.683
Unsecured wholesale funding , of which;	243.764.352	90.509.605	115.252.460	44.137.448
Operational deposit	16.366.823	1.739.643	4.082.760	425.965
Non-operational deposits	200.570.849	79.628.315	91.107.616	34.705.377
Other unsecured funding	26.826.680	9.141.647	20.062.084	9.006.106
Secured funding			-	-
Other cash outflows, of which;	92.427.127	14.182.251	12.549.130	6.600.246
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	4.913.927	3.444.867	4.913.927	3.444.867
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	87.513.200	10.737.384	7.635.203	3.155.379
Other revocable off-balance sheet commitments and contractual obligations	8.300.305	8.300.305	415.015	415.015
Other irrevocable or conditionally revocable off-balance sheet obligations	66.179.789	43.406.259	3.781.762	2.170.313
<b>Total Cash Outflows</b>			<b>171.317.520</b>	<b>78.725.182</b>
<b>Cash Inflows</b>				
Secured lending	-	-	-	-
Unsecured lending	46.363.070	21.372.648	30.470.866	16.836.319
Other cash inflows	1.781.988	39.029.760	1.771.158	39.018.930
<b>Total Cash Inflows</b>	<b>48.145.058</b>	<b>60.402.408</b>	<b>32.242.024</b>	<b>55.855.249</b>
			<b>Upper Limit Applied Amounts</b>	
<b>Total HQLA Stock</b>			<b>188.259.913</b>	<b>102.705.164</b>
<b>Total Net Cash Outflows</b>			<b>139.075.496</b>	<b>22.869.933</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>135,37</b>	<b>449,08</b>

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

**3. Explanations on Liquidity Coverage Ratio**

***Important points affecting the results of liquidity coverage ratio and the changes of the considered items in the course of time to calculate this ratio***

The Parent Bank deposits, which constitute a significant part of its resources and cash outflows in the liquidity coverage ratio, have a non-fluctuating structure, but may cause periodic changes in total deposits compared to public deposits and other deposits. While considering the previous periods, the amount of the total deposits has an increasing trend.

Although they have low conversion into cash rate, non-cash loans also have a remarkable extent in proportion to financial statement, they have an impact on the calculation of liquidity coverage ratio. Comparing to previous periods, non-cash loans are in increasing trend.

Bonds and bills in the securities portfolio are being used in repo transactions as collateral. Since the securities used in repo transactions lose the characteristic of being free, in accordance with that securities can be used as collateral, liquidity coverage ratio is affected.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND  
LIQUIDITY COVERAGE RATIO (Continued)**

**3. Explanations on Liquidity Coverage Ratio (Continued)**

*The content of high-quality liquid assets*

All of the high-quality liquid assets in the calculation of liquidity coverage ratio are first quality liquid assets. These are cash, the accounts in Central Bank, reserve requirements and securities from the portfolio (the important part of bonds and T-bills issued by Republic of Turkey and other bonds).

*The content of funds and their share in the total liabilities and funding*

A major part of the resources of funds in Group is comprised of deposits, the remaining is divided according to their share in the balance sheet as repo, funds borrowed, and issued securities.

*Information about cash out-flows arising from derivative operations and margin operations likely to processing*

Derivative operations in the Parent Bank are carried out on the purpose of protection from the risks that may exist or occur in the balance sheet, liquidity management, or meeting customer demand. Customer operations are carried out under the “Framework Agreement on Purchase and Sale of Derivative Instruments” or ISDA (International Swaps and Derivatives Association) and CSA (Credit Support Annex), as well as transactions with banks are performed again under ISDA and CSA agreements signed. Operations performed under the said contracts in the determined periods are subject to daily market valuation and additional cash margining. Operations could create additional collateral inflow or outflow depending on market valuation.

*The concentration limits regarding collateral and counterparty and product-based fund resources*

For the counterparty and product-based concentration limits are determined under Regulation on Risk Management, Stress Test Program and the Parent Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”) with the approval of the Parent Bank’s Senior Management. These limits are followed in particular frequency. Besides, it is being reported to the relevant units and senior management. There is no excess regarding the limits during operating period.

*Liquidity risk and needed funding on the basis of the Bank itself, the branches in foreign countries and the partnerships consolidated by considering operational and legal factors preventing liquidity transfer*

The needed and surplus of liquidity of the branches in foreign countries of the Parent Bank and partnerships consolidated are followed and managed regularly. There is no constraint of operational and legal factors preventing liquidity transfer. In the analysis made, it is observed that the impact of the foreign branches and subsidiaries on the Parent Bank’s liquidity structure remain limited comparing to the size of the balance sheet. The need and surplus of the liquidity is encountered properly between partnerships, as well as the branches abroad.

*Explanations of cash in-flow and cash out-flow items that are considered to be related to liquidity profile of the Bank and to be placed on the calculation of liquidity coverage ratio but not on the second paragraph of the disclosure template*

All items on the calculation of liquidity coverage ratio are included in calculation in aggregated form on the table. In this context, there is no point included in the calculation of liquidity coverage ratio and not included in the disclosure template.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)**

**4. Presentation of Assets and Liabilities According to Their Remaining Maturities**

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed <sup>(1)</sup>	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	97.714.902	129.825.728	-	-	-	-	-	227.540.630
Banks <sup>(5)</sup>	11.811.053	4.535.689	538.220	637.628	589	-	-	17.523.179
Financial Assets at Fair Value Through Profit and Loss	25.817	55.804	6.726.698	3.077.110	15.877.287	26.184	2.762.222	28.551.122
Money Markets Receivables	-	1.249.698	-	-	-	-	-	1.249.698
Financial Assets at Fair Value Through Other Comprehensive Income	45.385	9.787.108	7.103.025	34.726.794	142.522.561	85.227.398	365.783	279.778.054
Loans Given <sup>(4)</sup>	-	33.268.635	78.424.636	317.852.452	315.465.309	91.567.587	4.933.304	841.511.923
Investments Held-to-Maturity	49.882	280.189	167.106	2.694.295	25.382.203	17.755.216	-	46.328.891
Other Assets	15.295.094	4.169.005	4.432.875	2.751.142	563.769	644.922	23.193.576	51.050.383
<b>Total Assets <sup>(2)</sup></b>	<b>124.942.133</b>	<b>183.171.856</b>	<b>97.392.560</b>	<b>361.739.421</b>	<b>499.811.718</b>	<b>195.221.307</b>	<b>31.254.885</b>	<b>1.493.533.880</b>
<b>Liabilities</b>								
Interbank Deposits	6.995.085	29.977.786	5.293.148	16.173.994	563.517	1.139.209	-	60.142.739
Other Deposits	364.163.526	399.083.229	136.828.265	78.200.843	9.185.386	4.256.713	-	991.717.962
Funds Provided from Other Financial Institutions	12.029	1.226.599	1.635.826	24.326.509	27.706.533	6.033.335	-	60.940.831
Money Markets Borrowings	-	153.540.717	21.374.101	2.553.454	3.015.469	-	-	180.483.741
Issued Marketable Securities <sup>(3)</sup>	-	1.245.168	2.527.551	9.334.323	38.630.139	-	-	51.737.181
Miscellaneous Payables	3.709.869	13.871.696	-	-	-	-	1.451.435	19.033.000
Other Liabilities <sup>(5)</sup>	20.907.333	1.463.737	882.686	2.032.113	1.982.537	2.359.850	99.850.170	129.478.426
<b>Total Liabilities</b>	<b>395.787.842</b>	<b>600.408.932</b>	<b>168.541.577</b>	<b>132.621.236</b>	<b>81.083.581</b>	<b>13.789.107</b>	<b>101.301.605</b>	<b>1.493.533.880</b>
<b>Liquidity Gap</b>	<b>(270.845.709)</b>	<b>(417.237.076)</b>	<b>(71.149.017)</b>	<b>229.118.185</b>	<b>418.728.137</b>	<b>181.432.200</b>	<b>(70.046.720)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>								
Financial Derivative Assets	-	6.981.760	181.276	(400.762)	10	1.267.128	-	8.029.412
Financial Derivative Liabilities	-	148.640.930	34.588.934	23.872.474	1.558.882	2.282.473	-	210.943.693
<b>Non-cash Loans</b>	<b>84.421.912</b>	<b>13.045.014</b>	<b>36.067.565</b>	<b>98.489.814</b>	<b>51.648.354</b>	<b>8.632.545</b>	<b>-</b>	<b>292.305.204</b>
<b>Prior Period</b>								
Total Assets	53.515.349	94.960.467	68.901.398	208.533.644	393.675.838	172.657.866	26.288.359	1.018.532.921
Total Liabilities	232.885.329	431.292.326	118.576.521	82.037.452	46.971.389	11.625.253	95.144.651	1.018.532.921
<b>Liquidity Gap</b>	<b>(179.369.980)</b>	<b>(336.331.859)</b>	<b>(49.675.123)</b>	<b>126.496.192</b>	<b>346.704.449</b>	<b>161.032.613</b>	<b>(68.856.292)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>								
Financial Derivative Assets	-	(928.056)	1.392.453	104.102	-	269.733	-	838.232
Financial Derivative Liabilities	-	112.691.820	32.919.251	8.157.398	1.972	1.285.078	-	155.055.519
<b>Non-cash Loans</b>	<b>48.553.453</b>	<b>5.871.734</b>	<b>14.137.642</b>	<b>47.245.602</b>	<b>37.445.134</b>	<b>6.267.013</b>	<b>533.425</b>	<b>160.054.003</b>

(1) Assets which are required for banking operations and could not be converted into cash in short-term, such as; property and equipment, associates, subsidiaries and entities under common control, office supply inventory, prepaid expenses and net under follow-up loans as well as securities representing a share in capital; and other liabilities such as provisions which are not considered as payables and equity are classified as undistributed.

(2) Expected credit losses for financial assets and other assets are recognized in the related account.

(3) Includes subordinated debt instruments.

(4) It also includes receivables from leasing and factoring transactions.

(5) Includes the guarantees given for derivative and repo transactions with foreign banks.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)**

**5. Presentation of Liabilities According to Their Remaining Maturities**

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Bank Deposit	36.999.725	5.380.801	16.321.306	563.517	1.139.209	60.404.558
Other Deposit	764.160.661	138.238.821	79.424.483	9.237.447	4.260.840	995.322.252
Funds borrowed from other financial institutions	1.244.384	1.726.143	25.083.011	29.015.479	6.563.627	63.632.644
Funds borrowed from Interbank Money Market	153.782.720	21.574.464	2.564.750	3.024.105	-	180.946.039
<b>Total</b>	<b>956.187.490</b>	<b>166.920.229</b>	<b>123.393.550</b>	<b>41.840.548</b>	<b>11.963.676</b>	<b>1.300.305.493</b>
<b>Prior Period</b>						
Bank Deposit	28.446.118	6.950.206	570.961	914.861	-	36.882.146
Other Deposit	342.065.588	75.633.274	53.255.563	6.345.578	544.565	477.844.568
Funds borrowed from other financial institutions	3.691.604	2.584.561	15.342.280	11.933.612	5.040.989	38.593.046
Funds borrowed from Interbank Money Market	47.230.835	2.967.187	543.789	684.233	-	51.426.044
<b>Total</b>	<b>421.434.145</b>	<b>88.135.228</b>	<b>69.712.593</b>	<b>19.878.284</b>	<b>5.585.554</b>	<b>604.745.804</b>

**VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE**

**1. Explanations on Issues that Cause Differences Between Leverage Ratios**

The Group’s consolidated leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 6,41% (31 December 2020: 8,00%). The decrease in leverage ratio occurs from the increase in total risk amount. The regulation sentenced the minimum leverage as 3%.

The decrease in the leverage ratio resulted from the increase in the total risk amount. The regulation stipulates the minimum leverage ratio as 3%.

<b>Balance sheet assets</b>	<b>Current Period (*)</b>	<b>Prior Period (*)</b>
On-balance sheet items (excluded derivative financial instruments and credit derivatives, included collateral)	1.383.075.977	1.019.008.924
(Assets deducted in determining Tier 1 capital)	(8.358.335)	(3.484.580)
Total on-balance sheet risks (sum of lines 1 and 2)	1.374.717.642	1.015.524.344
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost associated with all derivative financial instruments and credit Derivatives	10.782.578	6.447.370
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	2.703.788	1.973.199
Total risks of derivative financial instruments and credit derivatives	13.486.366	8.420.569
<b>Securities or commodity financing transactions (SCFT)</b>		
Risks from SCFT assets	18.983.986	15.489.064
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	18.983.986	15.489.064
<b>Other off-balance sheet transactions</b>		
Gross notional amounts of off-balance sheet transactions	409.632.556	257.863.235
(Adjustments for conversion to credit equivalent amounts)	(14.215.523)	(7.445.068)
Total risks of off-balance sheet items	395.417.033	250.418.167
<b>Capital and total risks</b>		
Tier 1 capital	114.811.438	103.142.384
Total risks	1.802.605.027	1.289.852.144
<b>Leverage ratio</b>		
Leverage ratio %	6,41	8,00

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

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE (Continued)**

**2. An Extract Comparison Table of Total Risks Placed in Consolidated Financial Statements Coordinated in Accordance With TAS**

	<b>Current Period <sup>(*)</sup></b>	<b>Prior Period <sup>(*)</sup></b>
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards <sup>(**)</sup>	1.493.538.396	1.019.093.587
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements”	4.516	560.666
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	458.963.706	343.739.300
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts	131.178.567	46.521.925
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	14.215.523	7.445.068
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	(139.379.975)	(55.563.620)
<b>Total Risk Amount</b>	<b>1.802.605.027</b>	<b>1.289.852.144</b>

<sup>(\*)</sup> The amounts shown in the table are 3-month averages.

<sup>(\*\*)</sup> The current year balance of the Consolidated Financial Statements prepared in accordance with paragraph 6 of Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks has been prepared by using the temporary financial statements dated 31 December 2021 of the nonfinancial subsidiaries.

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT**

**1. Explanations on Risk Management and Risk Weighted Amount**

**1.1 The Parent Bank's Risk Management Approach**

*It has to do with how the business model determines The Parent Bank's risk profile; how it interacts with it (e.g., key risks related to the business model and how each of these risks is reflected on explanations); and how The Parent Bank's risk profile interacts with the risk appetite approved by the board of directors*

While risk appetite determines the Parent Bank's risk level, risk capacity determines its risk appetite and, therefore, risk profile. Local and international conjuncture is also considered to determine the risk level. Establishment of forward-looking strategies and policies is also considered in this regard. The Parent Bank's risk level is restricted to the limits consistent with its risk appetite.

Risk limits are determined in accordance with the level of risks that may be assumed by the Parent Bank, its activities, size and complexity of its products and services. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Parent Bank's strategy and risk appetite.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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#### EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

##### 1. Explanations on Risk Management and Risk Weighted Amount (Continued)

##### 1.1 The Parent Bank's Risk Management Approach (Continued)

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters regarding signal and limit structure as well as limit values of parameters are determined in coordination with the relevant units and implemented upon approval of the Audit Commission and Board of Directors.

Risk weighted asset-based signal and limit values are regularly monitored by the Parent Bank Risk Management Department, and actual values are reported periodically to the Parent Bank Senior Management.

***Risk management structure: Responsibilities distributed at The Parent Bank (e.g., supervision and delegation of authority); segregation of duties by risk type, business unit, etc.; relations between structures included in risk management processes (e.g., board of directors, top management, separate risk committee, risk management unit, compliance and internal audit function)***

The Parent Bank's Top Management and relevant units perform their risk management duties, authorities and responsibilities in line with the relevant legal legislation and internal Bank regulations.

Structure of the Parent Bank's risk management is compliance with the Regulation on Internal Systems and Internal Capital Adequacy Assessment Processes of Banks. Accordingly, internal system units consisting of the Inspection Board, the Internal Audit Department, the Compliance Department, and the Risk Management Department, report to the Audit Committee and the Board of Directors through the Head of Group responsible for internal systems, which operates separately from the executive units.

Risk measurement and monitoring activities are conducted as part of risk management and the results are considered in strategic decision-making process by relevant units and bodies. Risk management operations are conducted in accordance with the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks, issued by the BRSA, within the scope of Regulation on Risk Management, Stress Test Program and the Parent Bank's Internal Capital Adequacy Assessment Process ("ICAAP") approved by the Parent Bank's Board of Directors.

Organizational structure of the Parent Bank's Risk Management Department consists of credit risk management, market risk management, operational risk management, balance sheet risks management and Credit Risk Control Unit (KRKB) and validation unit services. Duties of risk management:

- Ensuring identification, measurement, reporting, monitoring, and control of risks exposed through policies, practices and limits established to monitor, control and revise, when necessary, the risk-return structure of the Parent Bank's cash flows in the future, quality, and level of its associated activities
- Preparing ICAAP reports periodically.
- Conducting stress tests and scenario analyses
- Establishing and maintaining a system that will ensure determination of capital required to cover significant risks that are or may be exposed and the evaluation of the level of capital adequacy/requirement in line with strategic objectives
- Developing internal models of our Bank's Probability of Default (PD), Loss at Default (THK) Default Amount (TT) within the scope of TFRS 9 expected credit risk loss calculation, monitoring their performance, developing scenario-based macroeconomic models of parameters regarding future expectations
- Ensuring the accuracy, consistency and adequacy of the analytical models and processes used in decision-making processes and to evaluate their performance and to report the results at regular intervals

The analyzes and studies carried out at ICAAP, including the validation studies, are examined by the Inspection Board and an Analysis Report is prepared regarding the results.

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**1. Explanations on Risk Management and Risk Weighted Amount (Continued)**

**1.1 The Parent Bank's Risk Management Approach (Continued)**

*Channels used for disseminating and implementing risk culture within The Bank (e.g., codes of conduct, manuals including operational limits or procedures to be performed when risk thresholds are exceeded, procedures for identifying and sharing risk issues between business units and risk units)*

The Parent Bank exercises maximum efforts to perceive both risks and returns accurately during its activities and maintain its perspective for disseminating risk culture across the Parent Bank. Accordingly, goals, vision and strategic approaches are shared in large group meetings held by the Parent Bank's Top Management with employees.

Signal and limit structure established based on risk weighted assets is one of the channels used to disseminate risk culture within the Parent Bank. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units and approved by the Board of Directors.

It is ensured that risk signal and limit structure is forwarded to relevant units in the Parent Bank and the structure is understood by the staff. Usage levels for signal and risk parameters are subject to reports submitted to the Parent Bank's Top Management.

If limits are exceeded, the Parent Bank's Top Management is notified. In such a case, matters such as risk mitigation, risk transfer or risk-averse, increasing collaterals and so on can be considered as part of required actions. If limits are exceeded, forward-looking strategies and policies of the Parent Bank - including budget figures - can be reviewed or, where necessary, revised.

Another channel used to disseminate the risk culture is in the scope of ICAAP activities. It is essential to include assessment results for capital adequacy in the ICAAP Report covering all significant risks of The Parent Bank. The report is prepared in coordination with risk management and with participation from other relevant units. Similarly, the Parent Bank's budget goals for the upcoming years are also established with the participation of relevant units. The Parent Bank's Top Management and relevant units conduct their ICAAP duties, authorities and responsibilities in line with the Parent Bank regulations and relevant legal legislation.

***Principal elements and scope of risk measurement systems***

The Parent Bank's risk measurement system functions in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way. Regarding the inclusion of risk measurement results in decision-making processes, reports are elaborated with extensive explanations and assumptions to avoid any misinterpretation that may arise from errors and deficiencies.

Required activities are performed to engage in design, selection, implementation and pre-approval processes for risk measurement models; review accuracy, reliability and performance of models regularly through various methodologies and make required revisions; accordingly, and report results of analyses conducted with such models.

The Parent Bank's capital adequacy ratio is calculated in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, Communiqué on Credit Risk Mitigation Techniques and other relevant legal regulations.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**1. Explanations on Risk Management and Risk Weighted Amount (Continued)**

**1.1 The Parent Bank's Risk Management Approach (Continued)**

Counter parties/operations related to the credit risk are separated on the basis of risk classes mentioned in Appendix-1 of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, and each of them is assigned by the weight of risk in line with the matters specified for relevant risk class. Then, they are subject to risk mitigation in accordance with the principles of Communiqué on Credit Risk Mitigation Techniques and weighted based on the risk weights.

After deduction of expected loss provisions for the loans for the stage 3 in accordance with Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves, non-cash loans and commitments are included in the calculation of credit-risk-weighted amount with loan conversion rates presented in article 5 of Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

Trading accounts and the values deducted from the capital base in the shareholders' equity computation are excluded from calculation of credit risk-weighted assets.

Calculations regarding to the counter party credit risk are made for repurchase agreement and derivative transactions. These transactions are added to the calculations after applying the rates presented in the amendments of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and Communiqué on Credit Risk Mitigation Techniques.

Calculations regarding counter parties credit risks are made with the basic financial collateral method and extensive collateral method for banking accounts and trading accounts respectively.

The amount subject to the total market risk is calculated through the standard method. Furthermore, value at risk forecasts is made on a daily basis and backward testing is performed so as to measure performance of the model.

Liquidity Coverage Ratio and Liquidity Risk Analysis reports for the liquidity risk are prepared in accordance with the relevant regulations. Furthermore, stress test is performed to assess maturity mismatch between sources and uses, contractual maturities as well as behavioral maturities of assets and liabilities, the Parent Bank's liquidity requirement in a worst-case scenario and relevant damages that may be incurred based on scenario and sensitivity analysis activities.

Control of interest rate risk on banking accounts entails monitoring rate and maturity mismatch between sources and uses of fixed and variable interest rates, contractual maturities as well as behavioral maturities assets and liabilities and the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend.

***Explanations provided to the Board of Directors and Top Management on risk reporting processes, particularly scope and main contents of reporting***

It is essential to inform the Top Management about developments and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing Top Management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis. Reports issued contain, at minimum, information on risk amount and development, legal capital requirement, legal ratios for liquidity and interest rate risks, stress test analysis results, effect of such results on capital adequacy level and ratios, realization level of risk limits and limitations, and assumptions of risk measurement method used.

As part of the reporting system, an information systems infrastructure is established for external reporting and required actions are taken to fulfill legal obligations fully in a timely manner in this regard.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**1. Explanations on Risk Management and Risk Weighted Amount (Continued)**

**1.1 The Parent Bank's Risk Management Approach (Continued)**

***Explanations on stress test (e.g., assets subject to stress test, scenarios applied, methodologies used and the use of stress test in risk management)***

Stress test is intended to pre-assess the effect of negative developments in specified risk factors on amounts subject to risk and capital adequacy/requirement level.

Conducting the stress test periodically is essential, and test result must be included in internal reporting and considered in strategic decision-making process or capital management. Results of stress test analysis are considered while establishing risk management policies.

In stress test activities, shock is applied to risk factors determined (factors specific to debtor or transaction or macroeconomic variables such as exchange rate, price, interest and so on), and the effects of results on risk-weighted asset amount and capital adequacy ratio are identified. Accordingly, risk factors are identified first and then assumptions to be implemented are determined and possible losses in the future are estimated. Stress test activities include creating scenarios, which are unlikely, if not impossible, and which may affect the Parent Bank's risk level significantly.

The results of stress test are subject to internal Bank reporting and ICAAP Report. The results of stress test may be used in processes to determine the Parent Bank's risk appetite or risk limits and identify new and current business strategies as a planning instrument and their effect on capital utilization.

Analyses of credit risk based on internal and external risk factors, counter party credit risk, liquidity risk, interest rate risk, operational risk and market risk are conducted in the case of stress tests which are subject to internal reporting.

The Board of Directors is responsible for assessing the results of the Stress Test Program and taking actions based on the results. Accordingly, actions such as revision of risk appetite, strategy and risk limits or restriction of activities to specific sectors or portfolios can be taken.

***The Parent Bank's risk management, aversion and mitigation strategies and processes based on business model and monitoring processes for continuous efficiency of safeguards and mitigants***

Amounts subject to credit risk can be mitigated by using one or more risk mitigation techniques in line with the legal regulations.

Funded or unfunded credit safeguard instruments are considered while using the risk mitigation technique. Whether credit safeguard instruments meet minimum compulsory conditions specified in legal regulations is checked via the system.

The Parent Bank performs risk mitigation with a simple financial method. Credibility of guarantors are monitored and assessed in the scope of credit revision maturity.

All Bank employees are responsible for control and mitigation of operational risks based on their job definitions and business processes. All Bank units are obliged to take risk mitigation measures for mitigation of operational risks that may occur in their respective fields of activity through insurance and other risk transfer mechanisms.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**1. Explanations on Risk Management and Risk Weighted Amount (Continued)**

**1.1 The Parent Bank's Risk Management Approach (Continued)**

*The Parent Bank's risk management, aversion and mitigation strategies and processes based on business model and monitoring processes for continuous efficiency of safeguards and mitigants (Continued)*

The Parent Bank's market risk is mitigated through derivatives or other financial products by considering current conjuncture and risk appetite, risk capacity and risk level. Long term liabilities are obtained and the interest rate risk arising from liquidity and banking accounts is limited through the transactions performed.

Diversification of fund is deemed important for managing the liquidity risk that may occur. While the Parent Bank's fundamental funding resources are deposits, the strategy of preserving the common base structure of deposits is sustained. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non-deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed as for the asset side of the Parent Bank, policies are pursued as part of measures to improve short term cash cycle and minimize maturity mismatch between assets and liabilities. As part of management of interest rate risk, measures are taken to reduce repricing maturity mismatch of interest sensitive assets and liabilities.

**Overview of Risk Weighted Amounts**

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	757.683.306	567.727.732	60.614.664
2	Standardised approach	757.683.306	567.727.732	60.614.664
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	11.589.174	10.299.316	927.134
5	Standardised approach for counterparty credit risk	11.589.174	10.299.316	927.134
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the Banking account	-	-	-
8	Investments made in collective investment companies-look through approach	-	-	-
9	Investments made in collective investment companies-mandate-based approach	1.009.692	2.069.435	80.775
10	Investments made in collective investment companies-1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB Supervisory Formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	Market risk	41.011.997	39.814.620	3.280.960
17	Standardised approach	41.011.997	39.814.620	3.280.960
18	Internal model approaches	-	-	-
19	Operational risk	51.284.583	43.140.646	4.102.767
20	Basic Indicator approach	51.284.583	43.140.646	4.102.767
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity(subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>862.578.752</b>	<b>663.051.749</b>	<b>69.006.300</b>

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**2. Connections Between Financial Statements and the Risk Amounts**

*Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject*

Current Period	Carrying values as reported in published financial statements (*)	Valued amount according to TAS within legal consolidation (**)	Carrying values as reported in published financial statements (*)				Not subject to capital requirements or subject to deduction from capital
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization on framework	Subject to the market risk framework	
<b>Assets</b>							
Cash and Balances at Central Bank	227.540.631	227.540.631	227.540.631	-	-	-	-
Banks	17.523.178	17.523.178	17.523.178	-	-	-	-
Receivables from Money Markets	1.249.698	1.249.698	570.988	678.710	-	-	-
Financial Assets Measured at Fair Value to Profit or Loss	28.551.122	28.551.122	37.342	-	-	28.513.780	-
Financial Assets Measured at Fair Value to Other Comprehensive Income	279.778.054	279.778.054	210.519.544	170.822.248	-	69.258.510	-
Financial Assets Measured at Amortized Cost	46.329.168	46.328.891	46.328.891	4.600.734	-	-	-
Derivative Financial Assets	12.067.535	12.067.535	-	12.067.535	-	-	-
Loans (Net)	831.927.113	831.927.113	849.563.008	-	-	-	16.026
Investments in Associates (Net)	476.258	476.258	476.258	-	-	-	-
Investments in Subsidiaries (Net)	657.465	657.465	657.465	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	606.376	606.376	606.376	-	-	-	-
Receivables Form Leasing Transactions	9.566.606	9.566.606	9.566.606	-	-	-	-
Factoring receivables	18.204	18.204	18.204	-	-	-	-
Tangible Assets (Net)	13.505.201	13.500.115	13.423.937	-	-	-	76.178
Intangible Assets (Net)	1.677.989	1.677.133	-	-	-	-	1.677.133
Investment Properties (Net)	1.268.500	1.268.500	1.268.500	-	-	-	-
Tax Asset	3.072.355	3.072.355	3.072.355	-	-	-	-
Non-Currents Assets or Disposal Groups "Held for Sale" And "From Discontinued Operations (Net)	5.450.287	5.450.287	5.450.287	-	-	-	-
Other Assets	12.272.656	12.274.359	12.274.359	-	-	-	-
<b>Total Assets</b>	<b>1.493.538.396</b>	<b>1.493.533.880</b>	<b>1.398.897.929</b>	<b>188.169.227</b>	<b>-</b>	<b>97.772.290</b>	<b>1.769.337</b>
<b>Liabilities</b>							
Deposits	1.051.829.717	1.051.860.701	-	-	-	-	-
Funds Borrowed	60.940.831	60.940.831	-	11.795.858	-	-	-
Money Markets	180.483.741	180.483.741	-	161.047.437	-	-	-
Securities Issued (Net)	30.309.580	30.309.580	-	-	-	-	-
Funds	45.908	31.956	-	-	-	-	-
Derivative Financial Liabilities	3.702.077	3.702.077	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-	-
Other Liabilities	29.830.188	29.764.358	-	-	-	-	-
Factoring Liabilities	1.062.527	1.062.527	-	-	-	-	-
Provisions	9.791.008	9.791.008	-	-	-	-	-
Tax Liability	1.702.018	1.702.018	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-	-	-
Subordinated Debt Instruments	22.741.964	22.741.964	-	-	-	-	-
Equity	101.098.837	101.143.119	-	-	-	-	-
<b>Total Liabilities</b>	<b>1.493.538.396</b>	<b>1.493.533.880</b>	<b>-</b>	<b>172.843.295</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) Financial statements prepared in accordance with the sixth paragraph of the fifth article of the "Communiqué on the Preparation of Banks' Consolidated Financial Statements" have been used.

(\*\*) The Bank's consolidated financial statements.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**2. Connections Between Financial Statements and the Risk Amounts (Continued)**

*Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject (Continued)*

Prior Period	Carrying values as reported in published financial statements (*)	Valued amount according to TAS within legal consolidation (**)	Carrying values as reported in published financial statements (*)				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization on framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>							
Cash and Balances at Central Bank	95.022.404	94.939.903	94.939.903	-	-	-	-
Banks	9.413.032	9.423.359	9.423.359	-	-	-	-
Receivables from Money Markets	603.736	603.736	467.510	136.226	-	-	-
Financial Assets Measured at Fair Value to Profit or Loss	15.354.116	15.354.116	24.056	-	-	15.330.060	-
Financial Assets Measured at Fair Value to Other Comprehensive Income	187.240.324	187.240.324	120.688.428	52.130.594	-	66.551.896	-
Financial Assets Measured at Amortized Cost	30.615.423	30.615.146	30.615.146	5.118.323	-	-	-
Derivative Financial Assets	5.061.778	5.061.778	-	5.061.778	-	-	-
Loans (Net)	636.487.286	636.487.286	645.575.744	-	-	-	23.169
Investments in Associates (Net)	554.237	554.255	554.255	-	-	-	-
Investments in Subsidiaries (Net)	673.465	736.126	736.126	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	194.962	194.962	194.962	-	-	-	-
Receivables Form Leasing Transactions	5.146.177	5.146.177	5.146.177	-	-	-	-
Factoring receivables	11.517.285	11.503.830	11.458.973	-	-	-	44.857
Tangible Assets (Net)	1.576.133	1.214.133	-	-	-	-	1.214.133
Intangible Assets (Net)	477.790	477.790	477.790	-	-	-	-
Investment Properties (Net)	891.194	891.194	891.194	-	-	-	-
Tax Asset	5.336.119	5.336.119	5.336.119	-	-	-	-
Non-Currents Assets or Disposal Groups "Held for Sale" And "From Discontinued Operations (Net)	12.928.125	12.752.687	12.752.687	-	-	-	-
<b>Other Assets</b>	<b>1.019.093.587</b>	<b>1.018.532.921</b>	<b>939.282.429</b>	<b>62.446.921</b>	-	<b>81.881.956</b>	<b>1.282.159</b>
<b>Total Assets</b>							
<b>Liabilities</b>	694.797.559	694.838.240	-	-	-	-	-
Deposits	37.658.707	37.168.551	-	6.096.622	-	-	-
Funds Borrowed	118.502.542	118.502.542	-	48.312.215	-	-	-
Money Markets	18.373.615	18.373.615	-	-	-	-	-
Securities Issued (Net)	6.192.868	6.053.060	-	-	-	-	-
Funds	3.486.961	3.486.961	-	-	-	-	-
Derivative Financial Liabilities	-	-	-	-	-	-	-
Factoring Liabilities	21.029.670	20.924.785	-	-	-	-	-
Other Liabilities	1.001.363	1.001.363	-	-	-	-	-
Factoring Liabilities	7.555.261	7.510.826	-	-	-	-	-
Provisions	1.783.191	1.783.191	-	-	-	-	-
Tax Liability	-	-	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	13.816.234	13.816.234	-	-	-	-	-
Subordinated Debt Instruments	94.895.616	95.073.553	-	-	-	-	-
<b>Equity</b>	<b>1.019.093.587</b>	<b>1.018.532.921</b>	-	<b>54.408.837</b>	-	-	-

(\*) Financial statements prepared in accordance with the sixth paragraph of the fifth article of the “Communiqué on the Preparation of Banks' Consolidated Financial Statements” have been used.

(\*\*) The Bank’s consolidated financial statements.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**2. Connections Between Financial Statements and the Risk Amounts (Continued)**

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

<b>Current Period</b>	<b>Total</b>	<b>Subject to credit risk framework</b>	<b>Subject to counterparty credit risk framework</b>	<b>Subject to the market risk framework</b>
<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>1.493.533.880</b>	<b>1.398.897.929</b>	<b>188.169.227</b>	<b>97.772.290</b>
Liabilities carrying value amount under regulatory scope of consolidation	-	-	172.843.295	-
<b>Total net amount under regulatory scope of consolidation</b>	<b>1.493.533.880</b>	<b>1.398.897.929</b>	<b>15.325.932</b>	<b>97.772.290</b>
Differences in valuations	691.567.637	187.847.877	265.502.197	-
<b>Valuation Differences</b>	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
<b>Amount of Risk</b>	<b>2.185.101.517</b>	<b>1.586.745.806</b>	<b>280.828.129</b>	<b>97.772.290</b>

<b>Prior Period</b>	<b>Total</b>	<b>Subject to credit risk framework</b>	<b>Subject to counterparty credit risk framework</b>	<b>Subject to the market risk framework</b>
<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>1.018.532.921</b>	<b>939.282.429</b>	<b>62.446.921</b>	<b>81.881.956</b>
Liabilities carrying value amount under regulatory scope of consolidation	-	-	54.408.837	-
<b>Total net amount under regulatory scope of consolidation</b>	<b>1.018.532.921</b>	<b>939.282.429</b>	<b>8.038.084</b>	<b>81.881.956</b>
Differences in valuations	443.071.666	103.488.079	189.394.399	-
<b>Valuation Differences</b>	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
<b>Amount of Risk</b>	<b>1.461.604.587</b>	<b>1.042.770.508</b>	<b>197.432.483</b>	<b>81.881.956</b>

*Explanations on differences between risk amounts and valued amounts in accordance with the Turkish Accounting Standards*

There is no significant difference between financial statement values of assets and liabilities and values included in capital adequacy calculation.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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#### EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

##### 3. Credit Risk Explanations

##### 3.1. Transformation of bank's business model into components in credit risk profile

The Banks must allocate risk limits approved by board of directors of the Banks and monitor limit utilization pursuant to Article 38 of the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks issued by the BRSA and published in the Official Gazette no. 29057 dated 11 July 2014. Furthermore, pursuant to paragraph 5 of the same article, it is expected to establish a signal structure that will serve as an early warning mechanism in addition to the limit structures.

Additionally, principle 5 of the Guideline for Counter Party Credit Risk Management announced to the public by the BRSA with the Agency Decision no. 6827 dated 31 March 2016 States that banks must allocate a limit for counter party credit risk (CCR).

Pursuant to aforementioned regulations, to what extent the Parent Bank gets closer to allocated limits approved by the board of directors or to what extent these levels were exceeded must be monitored by the risk management unit which was structured independent from executive units. This practice that was included in monitoring function of the risk management unit is significant as it presents a legal obligation, and it helps optimization of resource utilization.

In accordance with the changing organizational structure of the Parent Bank, the signal and limit with risk of change in customer segmentation are on corporate and individual segment basis in accordance with the customer segment structure and are updated according to the changes in the segmentation structure. Signal and limit values for counter party credit risk transactions were determined separately for banking accounts and trading accounts based on portfolio type. Calculations were made based on ratio of risk weighted asset amounts calculated for relevant parameters to total credit and market risk weighted asset amounts and they are reported to the Parent Bank's Top Management periodically through relevant units.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to market risk, it is essential to restrict risk level to the limits in line with the Bank's risk appetite. Market risk limits were determined as interest rate risk and currency risk limits. Current values for such limits are calculated on a daily basis with market data and reported to the Bank's Top Management through relevant units. Market risk signal and limit values are monitored dynamically in the light of market developments and, if necessary, updated based on the developments in the Bank's strategy and risk appetite.

##### 3.2. Criteria and approach adopted for determining credit risk policy and credit risk limits

As part of credit risk management, the Parent Bank's risk management team conducts the functions of identification, measurement, monitoring and controlling of credit risk in line with the structure, size, complexity and growth rate of products and activities and reports the analysis, including stress test, and its results to the Bank's Top Management.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to credit risk, credit risk level was restricted to the limits in line with the Parent Bank's risk appetite. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Parent Bank's strategy and risk appetite.

There is a signal and limit structure in place, indicating that credit risk limits are almost reached as a result of internal and external developments. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units. The approval of Audit Committee and Board of Directors is sought in order to implement parameters and signal/limit threshold values within The Parent Bank. It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the relevant staff. Actual values are monitored closely by the risk management. Actual values regarding signal and limit parameters are reported to the Bank's Top Management.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.3 Structure and organization of credit risk management and control function**

The Parent Bank's internal system units consist of the Inspection Board Presidency, Internal Control Presidency, Compliance Presidency and Risk Management Group Presidency. Credit risk management is one of the six services under the Risk Management Group Presidency.

Activities conducted at the credit risk management unit, which is subject to inspection and controlling activities periodically, aim to establish and maintain a credit risk management infrastructure that is structured enough to meet legal obligations and flexible enough to accommodate the best practices. Accordingly, capital amount that should be reserved for credit risk is calculated; risk mitigation techniques are implemented; stress tests are conducted; credit risk signal and limit structures are monitored; activities are conducted to calculate credit risk with advanced methods and developments that may affect the Bank's credit risk are monitored. Analyses conducted are reported to the Top Management and relevant units periodically.

**3.4. Relationship between credit risk management, risk control, legal compliance and internal audit functions**

Risk Management Group Presidency goes through inspection and control activities periodically. In case of any findings, they are reported and required activities are performed.

In addition, audit and control units are also involved in the ICAAP studies, which constitute an important part of risk management activities. Accordingly, the analyzes and studies carried out at ICAAP, including the validation studies, are examined by the Inspection Board and an Investigation Report is prepared regarding the results.

The controls on Risk Management Disclosures are carried out within the scope of Risk Management Department activities. Two separate control processes are carried out periodically in the related unit, Capital Adequacy Calculation process and other Risk Management processes control and are carried out within the scope of capital adequacy check points and guide and control points and guidance related to other risk management activities.

All activities, new transactions and products planned by the Parent Bank; compliance with relevant laws, regulations, internal policies and banking practices is controlled. In this context, the compliance of the legislative regulations regarding the Risk Management Disclosures with the intra-bank practices is also checked.

The control activities carried out in the Head Office Units are carried out in accordance with the control periods determined by taking into account the functions and the risks of the units, the duties of the units and their effects on The Parent Bank's balance sheet. The control processes of the Head Office Units are carried out through the control points determined according to the processes, duties and powers of the unit and the control techniques are detailed in the General Directorate Control Manual.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.5. Scope and Main Content for Reporting to Top Management and Board Members on Credit Risk Management Function and Credit Risk Exposed**

It is essential to inform the Parent Bank's Top Management about developments in credit risk management and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing the Parent Bank's Top Management on credit risk management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis.

Reports issued contain, at a minimum, information on risk amount and development, legal capital requirement, stress test analysis results, effect of such results on capital adequacy level, actualization level of risk limits and limitations and assumptions of risk measurement method used.

**3.6. Credit Quality of Assets**

<b>Current Period</b>	<b>Defaulted</b>	<b>Non-defaulted</b>	<b>Allowances/ Amortization and impairments</b>	<b>Net values</b>
Loans (*)	20.206.200	854.230.540	32.924.817	841.511.923
Debt Securities	-	267.214.776	8.515.635	258.699.141
Off-balance sheet exposures	1.251.695	431.337.006	3.401.185	429.187.516
<b>Total</b>	<b>21.457.895</b>	<b>1.552.782.322</b>	<b>44.841.637</b>	<b>1.529.398.580</b>

(\*) It also includes receivables from leasing and factoring transactions.

<b>Prior Period</b>	<b>Defaulted</b>	<b>Non-defaulted</b>	<b>Allowances/ Amortization and impairments</b>	<b>Net values</b>
Loans (*)	16.681.214	645.974.937	21.022.688	641.633.463
Debt Securities	-	155.101.630	1.073.083	154.028.547
Off-balance sheet exposures	717.071	259.198.864	1.927.597	257.988.338
<b>Total</b>	<b>17.398.285</b>	<b>1.060.275.431</b>	<b>24.023.368</b>	<b>1.053.650.348</b>

(\*) It also includes receivables from leasing transactions.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.7 Changes in the Defaulted Receivables and Debt Instruments**

**Current Period**

<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>16.681.214</b>
2	Loans and debt securities that have defaulted since the last reporting period	9.186.707
3	Returned to non-defaulted status	1.095.890
4	Amounts written off	-
5	Other changes	(4.565.831)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) (*) definitions</b>	<b>20.206.200</b>

(\*) Provisions for non-cash loans are not included in the table.  
It also includes receivables from leasing transactions.

**Prior Period**

<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>14.531.430</b>
2	Loans and debt securities that have defaulted since the last reporting period	5.507.939
3	Returned to non-defaulted status	582.016
4	Amounts written off	-
5	Other changes	(2.776.139)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)(*) definitions</b>	<b>16.681.214</b>

(\*) Provisions for non-cash loans are not included in the table

**3.8. Additional Explanations on Credit Quality of Assets**

***Differences between definitions and explanations of "deferred" receivables and receivables for which "provision was allocated", and definitions of "deferred" and "provision of allocation", if any***

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

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

The Parent Bank automatically transfers the loans over 90 days past due to the follow-up accounts in accordance with the provisions of the Regulation on Provisions and allocates the provision for the relevant class. The Parent Bank has not set aside any provision for expected loss for funds originating loans that were classified as "Non-Performing Receivables" in the previous period, in accordance with Article 13 of the Provisions Regulation titled "Exceptions" and since the said risk does not belong to the Parent Bank. Fund originating loans classified as "Non-Performing Receivables" in accordance with the Uniform Chart of Accounts amendment of the BRSA started to be monitored off-balance sheet in the current period.

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#### EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

##### 3. Credit Risk Explanations (Continued)

##### 3.8. Additional Explanations on Credit Quality of Assets (Continued)

###### *Definitions of methods used for determining provision amount*

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

###### *Definitions of restructured receivables*

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

###### *Breakdown of receivables by geographic regions, sectors, and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets*

	Loans and Receivables <sup>(2)</sup>	Non-Performing Loans	Expected Loss Provisions	Total
Domestic	812.768.671	16.997.273	30.811.827	798.954.117
European Union Countries	4.095.665	56.617	78.536	4.073.746
USA, Canada	7.994	4.239	4.273	7.960
OECD Countries <sup>(1)</sup>	2.521.129	165.585	190.705	2.496.009
Off-Shore Banking Regions	-	-	-	-
Other	25.252.271	2.982.486	1.839.476	26.395.281
<b>Total</b>	<b>844.645.730</b>	<b>20.206.200</b>	<b>32.924.817</b>	<b>831.927.113</b>

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

(2) It also includes receivables from leasing and factoring transactions.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.8. Additional Explanations on Credit Quality of Assets (Continued)**

*Breakdown of receivables by geographic regions, sectors and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets (Continued)*

	<b>Loans and Receivables <sup>(1)</sup></b>	<b>Non-Performing Loans</b>	<b>Expected Loss Provisions</b>	<b>Total</b>
Agriculture	126.004.710	1.252.576	1.406.515	125.850.771
Farming and Stockbreeding	124.861.188	1.234.196	1.388.457	124.706.927
Forestry	638.054	11.537	11.492	638.099
Fishing	505.468	6.843	6.566	505.745
Manufacturing	199.716.181	3.078.357	12.204.830	190.589.708
Mining and Quarrying	15.713.981	37.923	103.853	15.648.051
Production	137.900.878	2.809.180	10.579.855	130.130.203
Electric, Gas and Water	46.101.322	231.254	1.521.122	44.811.454
Construction	100.555.816	3.410.313	5.280.244	98.685.885
Services	204.397.641	6.093.893	9.318.783	201.172.751
Wholesale and Retail Trade	81.549.827	3.647.863	3.336.209	81.861.481
Hotel Food and Beverage Services	21.243.462	594.100	1.328.441	20.509.121
Transportation and Telecommunication	21.737.560	217.375	232.947	21.721.988
Financial Institutions	8.283.521	11.664	34.500	8.260.685
Real Estate and Leasing Services	66.685.568	1.464.067	3.973.511	64.176.124
Self-Employment Services	157.081	174	848	156.407
Education Services	2.184.697	82.069	100.756	2.166.010
Health and Social Services	2.555.925	76.581	311.571	2.320.935
Other	213.971.382	6.371.061	4.714.445	215.627.998
<b>Total</b>	<b>844.645.730</b>	<b>20.206.200</b>	<b>32.924.817</b>	<b>831.927.113</b>

(1) Receivables from lease and factoring transactions are not included.

***Aging Analysis for Overdue Receivables***

<b>Day Past Due</b>	<b>Current Period</b>	<b>Prior Period</b>
1-30 Days	3.779.974	1.188.230
31-60 Days	2.482.529	793.810
61-90 Days	1.232.176	1.383.584
90 +	347.139	2.721.661
<b>Total</b>	<b>7.841.818</b>	<b>6.087.285</b>

Loans under close monitoring amounting to TL 76.846.611 (31 December 2020: TL 33.892.152) are not overdue.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.8. Additional Explanations on Credit Quality of Assets (Continued)**

*Breakdown of restructured receivables by allocation of provision*

Out of the Group's total restructured loans amounting to TL 58.726.946, a portion of TL 56.177.889 consists of performing loans and remaining portion of TL 2.549.057 consists of non-performing loans. The total amount of first and second stage expected loss provisions allocated for non-performing loans is TL 13.594.681 and the third stage expected loss provision for non-performing loans is TL 1.580.914. (31 December 2020: Out of the Group's total restructured loans amounting to TL 19.951.076, a portion of TL 18.566.150 consists of performing loans and remaining portion of TL 698.115 consists of non-performing loans. Total first and second stage expected loss provision for structured loans is TL 2.505.013 and third stage expected loss provision amount allocated for non-performing loans is 558.700. No expected loss provision has been allocated for non-performing loans amounting to TL 65.200 whose risk does not belong to the Bank.).

**3.9. Credit risk mitigation**

**3.9.1. Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques**

*Basic characteristics of policies and processes on the extent of utilization of on-balance sheet and off-balance sheet netting*

The practice of on-balance sheet and off-balance sheet netting is not used while mitigating credit risk within the Group.

**3.10. Credit risk mitigation techniques - Overview**

	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
<b>Current Period</b>							
Loans (*)	600.788.105	158.090.580	55.895.930	148.872.376	52.164.610	-	-
Debt Securities	212.202.463	-	-	-	-	-	-
<b>Total</b>	<b>812.990.568</b>	<b>158.090.580</b>	<b>55.895.930</b>	<b>148.872.376</b>	<b>52.164.610</b>	-	-
Of which defaulted	18.054.558	990.865	281.821	973.812	280.901	-	-

(\*) It also includes receivables from leasing and factoring transactions.

	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
<b>Prior Period</b>							
Loans (*)	489.160.650	143.739.220	68.716.959	138.718.903	66.054.305	-	-
Debt Securities	140.611.253	-	-	-	-	-	-
<b>Total</b>	<b>629.771.903</b>	<b>143.739.220</b>	<b>68.716.959</b>	<b>138.718.903</b>	<b>66.054.305</b>	-	-
Of which defaulted	15.629.079	887.419	247.846	881.293	247.239	-	-

(\*) It also includes receivables from leasing transactions.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.11. Credit risk in case of using standard approach**

**3.11.1. Qualitative explanations on ratings used by banks when calculating credit risk with the standard approach**

***Names of Credit Rating Agencies (CRA) and Export Rating Agencies (ERA) used by The Parent Bank and the reasons in case of any change during the reporting period***

The Parent Bank uses ratings of Fitch Ratings International Rating Agency and Islamic International Rating Agency (IIRA) while calculating the amount subject to credit risk through standard approach. The country risk classification published by the Economic Cooperation and Development Organization (OECD) is taken as basis for the unrated central government and central banks.

***Risk classes using CRA and ERA ratings***

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

***Explanation on how credit rating of debtor is used for other assets of debtor in banking accounts***

In order to determine the risk weight of the items subject to issuance or issuer rating among the items included in the banking accounts, the issue rating is first examined, and in the absence of an issue rating, the credit rating of the issuer is taken into account.

***Matching rating grades on the basis of risk***

Rating grade assigned by a credit rating agency that is not listed in the BRSA's matching table is not used in calculations.

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**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.12. Standard Approach- Loan risk Exposure and the Effects of Loan Risk Reduction Techniques**

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amount	Risk Weighted Amount Density
Exposures to sovereigns and their central banks	469.451.512	1.225.247	520.883.728	683.328	10.821.358	2,1%
Exposures to regional and local governments	405.809	154.555	439.398	104.750	243.982	44,8%
Exposures to administrative bodies and non-commercial entities	5.432.768	1.377.014	5.418.976	610.772	6.005.324	99,6%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	78.203.836	16.888.879	78.825.239	9.817.327	18.829.698	21,2%
Exposures to corporates	343.313.097	201.874.107	318.845.064	113.363.286	427.485.851	98,9%
Retail exposures	271.961.686	112.859.406	244.837.359	13.605.573	192.957.560	74,7%
Exposures secured by residential property	70.571.961	1.214.451	70.376.138	503.243	24.805.633	35,0%
Exposures secured by commercial property	33.025.808	3.729.848	33.025.808	2.288.216	20.360.465	57,7%
Past-due items	4.263.180	-	3.982.283	-	2.890.715	72,6%
Exposures in high-risk categories	16.952.456	6.528.004	16.952.451	1.370.110	27.337.835	149,2%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	1.014.466	124.430	1.010.134	62.169	1.009.692	94,2%
Other exposures	39.978.557	-	39.978.554	-	30.941.735	77,4%
Equity share investments	2.054.965	-	2.054.965	-	2.054.965	100,0%
<b>Total</b>	<b>1.336.630.101</b>	<b>345.975.941</b>	<b>1.336.630.097</b>	<b>142.408.774</b>	<b>765.744.813</b>	<b>51,8%</b>

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.12. Standard Approach- Loan Risk Exposure and the Effects of Loan Risk Reduction Techniques (Continued)**

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amount	Risk Weighted Amount Density
Exposures to sovereigns and their central banks	231.948.275	971.770	297.204.260	652.576	8.975.475	3,01%
Exposures to regional and local governments	512.473	76.717	572.847	58.739	305.684	48,40%
Exposures to administrative bodies and non-commercial entities	538.433	549.846	517.121	224.607	721.946	97,33%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	82.735.792	14.853.033	83.425.896	7.125.907	16.382.876	18,09%
Exposures to corporates	259.361.476	138.356.697	229.627.285	78.588.205	305.044.911	98,97%
Retail exposures	248.065.075	80.672.085	215.148.335	8.340.228	166.291.304	74,41%
Exposures secured by residential property	71.009.064	979.519	70.911.940	398.843	24.957.538	35,00%
Exposures secured by commercial property	28.785.972	1.817.589	25.803.409	1.006.345	17.439.660	65,05%
Past-due items	3.995.145	-	3.747.911	-	2.566.079	68,47%
Exposures in high-risk categories	1.600.528	5.006.702	1.600.524	1.164.178	4.124.249	149,18%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	2.012.544	131.459	2.005.249	65.320	2.069.435	99,95%
Other exposures	40.383.443	-	40.383.443	-	28.275.362	70,02%
Equity share investments	703.107	-	703.107	-	703.107	100,00%
<b>Total</b>	<b>971.651.327</b>	<b>243.415.417</b>	<b>971.651.327</b>	<b>97.624.948</b>	<b>577.857.626</b>	<b>54,04%</b>

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.12. Standard Approach- Loan Risk Exposure and the Effects of Loan Risk Reduction Techniques (Continued)

Current Period Risk Classes/ Risk Weight	0%	10%	20%	%25	35% secured by property mortgage	%50 secured by property mortgage	50% (*)	75%	100%	150%	250%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	502.823.003	-	270.902	-	-	-	15.411.948	-	3.061.203	-	-	-	521.567.056
Exposures to regional and local government	58.779	-	24.081	-	-	-	444.245	-	17.043	-	-	-	544.148
Exposures to administrative bodies and non-commercial entities	24.254	-	212	-	-	-	-	-	6.005.282	-	-	-	6.029.748
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	47.596.002	-	9.762.183	-	-	-	26.606.959	-	3.551.259	-	-	1.126.163	88.642.566
Exposures to corporates	2.149.456	-	1.510.618	-	-	-	2.726.825	-	425.820.291	-	-	1.160	432.208.350
Retail exposures	1.775.236	-	815.558	-	-	-	3.772	252.223.212	3.625.154	-	-	-	258.442.932
Exposures secured by residential property	5.075	-	2.495	-	70.871.811	-	-	-	-	-	-	-	70.879.381
Exposures secured by commercial property	-	-	-	-	-	29.907.118	-	-	5.406.906	-	-	-	35.314.024
Past-due items	1.019	-	56	-	-	-	2.181.009	-	1.800.199	-	-	-	3.982.283
Exposures in high-risk categories	78.736	-	3.482	-	-	-	23.120	-	511	18.216.712	-	-	18.322.561
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	62.611	-	-	-	-	-	-	-	1.009.692	-	-	-	1.072.303
Equity share investments	0	-	-	-	-	-	-	-	2.054.965	-	-	-	2.054.965
Other exposures	9.036.799	-	25	-	-	-	-	-	30.941.730	-	-	-	39.978.554
<b>Total</b>	<b>563.610.970</b>	<b>-</b>	<b>12.389.612</b>	<b>-</b>	<b>70.871.811</b>	<b>29.907.118</b>	<b>47.397.878</b>	<b>252.223.212</b>	<b>483.294.235</b>	<b>18.216.712</b>	<b>-</b>	<b>1.127.323</b>	<b>1.479.038.871</b>

(\*) Demonstrates all receivables that are consisting of 50% risk weighted and out of the line “Exposures secured by commercial property”.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.13. Standard Approach: Receivables related with Risk Classes and Risk Weights**

Prior Period Risk Classes/ Risk Weight	0%	10%	20%	35% secured by property mortgage	%50 secured by property mortgage	50% (*)	75%	100%	150%	200%	Other	Total risk amount (post- CCF and CRM)
Exposures to sovereigns and their central banks	281.805.624	-	263.864	-	-	13.729.292	-	2.058.056	-	-	-	297.856.836
Exposures to regional and local government	31.359	-	34	-	-	589.031	-	11.162	-	-	-	631.586
Exposures to administrative bodies and non-commercial entities	19.736	-	58	-	-	-	-	721.934	-	-	-	741.728
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	49.293.961	-	14.399.077	-	-	23.611.552	-	1.665.653	-	-	1.581.560	90.551.803
Exposures to corporates	1.200.058	-	1.035.599	-	-	2.284.083	-	303.695.750	-	-	-	308.215.490
Retail exposures	1.146.907	-	843.404	-	-	4.053	221.494.128	-	-	-	71	223.488.563
Exposures secured by residential property	1.711	-	4.248	71.304.824	-	-	-	-	-	-	-	71.310.783
Exposures secured by commercial property	32.912	-	26.454	-	18.632.037	-	-	8.118.351	-	-	-	26.809.754
Past-due items	663	-	81	-	-	2.362.209	-	1.384.958	-	-	-	3.747.911
Exposures in high-risk categories	361	-	7	-	-	22.159	-	188	2.741.987	-	-	2.764.702
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	1.134	-	-	-	-	-	-	2.069.435	-	-	-	2.070.569
Equity share investments	-	-	-	-	-	-	-	703.107	-	-	-	703.107
Other exposures	12.108.075	-	8	-	-	-	-	28.275.360	-	-	-	40.383.443
<b>Total</b>	<b>345.642.501</b>	<b>-</b>	<b>16.572.834</b>	<b>71.304.824</b>	<b>18.632.037</b>	<b>42.602.379</b>	<b>221.494.128</b>	<b>348.703.954</b>	<b>2.741.987</b>	<b>-</b>	<b>1.581.631</b>	<b>1.069.276.275</b>

(\*) Demonstrates all receivables that are consisting of 50% risk weighted and out of the line “Exposures secured by commercial property”.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.14. Credit risk under Internal Ratings-Based (IRB) Approach**

Standard approach is used in the Group's credit risk calculations.

**3.15. Counter Party Credit Risk Explanations**

***Risk management goals and policies for CCR***

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

As part of capital adequacy ratio calculations, activities for counter party credit risk are an integral part of planning, monitoring and controlling of total risk profile, and counter party credit risk management is integrated to periodic risk management process.

In the scope of counter party risk management, it is aimed to meet legal obligations and to establish and maintain counter party credit risk management infrastructure that is flexible and structured enough to accommodate the best practices. Accordingly, it is planned to conduct stress test activities, improve counter party credit risk signal and limit structure and conduct relevant monitoring function.

***Operational limit allocation method specified in the scope of internal capital calculated for CCR and CCP risks***

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters for signal and limit structure and limit values of parameters are determined by consulting the relevant units and implemented at The Parent Bank upon approval of the Audit Committee and Board of Directors.

Internal limits are determined by considering the Parent Bank's budget, strategy and expectations for upcoming years, developments in Turkey and abroad and historical realization of risks.

***Policies for establishing guarantee and other risk mitigation and CCR, including CCP risk***

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

Our risk management structure involves activities to ensure that counter party credit risk measurement system functions and is maintained in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.15. Counter Party Credit Risk Explanations (Continued)**

***Policies for establishing guarantee and other risk mitigation and CCR, including CCP risk (Continued)***

As part of counter party credit risk management, stress test scenarios were created by anticipating any unfavorable developments in macroeconomic conditions and the Parent Bank's balance sheet. Results of stress test analysis are considered while establishing risk management policies.

Amount subject to counter party credit risk is calculated with appraisal method based on its fair value in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and provisions in Appendix-2, and reported on a monthly basis. Accordingly, replacement cost and potential counter party credit risk amounts are calculated. Furthermore, capital obligation is also calculated for credit appraisal adjustment for all derivatives.

Additionally, compliance of transactions posing counter party credit risk with thresholds within signal and limit structure is monitored and research is conducted for counter party credit risk calculations with advanced methods.

***Rules for countertrend risk***

Boasting a strong lending and collateralization structure, the Parent Bank avoids collateralization in positive correlation with the debtor's credibility and activities in connection with risk mitigation techniques are performed by considering qualitative criteria specified in legal legislation for calculation of amount subject to credit risk.

***Amount of additional collateral that the Parent Bank must submit in case of a decline in credit rating***

As the Parent Bank has no transactions in connection with credit rating, there is not any additional collateral amount it must pay.

**3.16. Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods**

	Current Period	Replacement cost	Potential Future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	Valuation Method according to fair value - CCR (for derivatives)	7.543.403	1.978.589			9.521.992	2.302.875
1	Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)						
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					124.090.635	3.558.087
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					21.150.098	1.168.307
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	<b>Total</b>						<b>7.029.269</b>

(\*) Effective expected positive exposure

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.16. Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods**

	Prior Period	Replacement cost	Potential Future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha for computing regulatory EAD	Exposure at default post CRM	RWA
	Valuation Method according to fair value - CCR (for derivatives)	4.223.311	1.831.453			6.054.764	2.413.718
1	Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					41.415.886	2.774.809
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					8.427.178	2.840.299
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
<b>6</b>	<b>Total</b>						<b>8.028.826</b>

(\*) Effective expected positive exposure

**3.17. Capital Requirement for Loan Valuation Adjustments**

	Current Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardized CVA capital charge	9.521.992	4.517.675
4	<b>Total subject to the CVA capital charge</b>	<b>9.521.992</b>	<b>4.517.675</b>

	Prior Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardized CVA capital charge	6.054.764	2.238.857
4	<b>Total subject to the CVA capital charge</b>	<b>6.054.764</b>	<b>2.238.857</b>

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.18. Standardised approach - CCR exposures by regulatory portfolio and risk weights**

<b>Current Period Risk Weight/Regulatory portfolio</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total credit exposure <sup>(1)</sup></b>
Claims from central governments and central banks	101.134.282	-	-	3.538	-	249.063	-	-	101.386.883
Claims from regional and local governments	3.736	-	-	215	-	-	-	-	3.951
Claims from administration and non-commercial entity	6.272	-	-	-	-	393	-	-	6.665
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	36.001.997	-	8.263.826	6.353.929	-	285.012	-	1.126.163	52.030.927
Corporates	778.467	-	-	-	-	1.653.624	-	1.160	2.433.251
Retail portfolios	15.817	-	-	-	12.347	-	-	-	28.164
Other claims <sup>(2)</sup>	-	-	-	-	-	-	206	-	206
<b>Total</b>	<b>137.940.571</b>	<b>-</b>	<b>8.263.826</b>	<b>6.357.682</b>	<b>12.347</b>	<b>2.188.092</b>	<b>206</b>	<b>1.127.323</b>	<b>155.890.047</b>

<sup>(1)</sup> Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

<sup>(2)</sup> Other assets: the amount excludes exposures to “Central counterparty” which are reported in Counterparty credit.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.18. Standardised approach - CCR exposures by regulatory portfolio and risk weights (Continued)**

Prior Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure <sup>(1)</sup>
Claims from central governments and central banks	3.663.671	-	-	-	-	-	-	-	3.663.671
Claims from regional and local governments	1.819	-	-	-	-	-	-	-	1.819
Claims from administration and non-commercial entity	7.319	-	-	-	-	-	-	-	7.319
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	31.669.526	-	9.088.397	9.374.982	-	119.392	-	1.581.560	51.833.857
Corporates	510.104	-	-	-	-	1.389.997	-	-	1.900.101
Retail portfolios	11.066	-	-	-	1.740	-	-	71	12.877
Receivables defined under high risk category by BRSA	-	-	-	-	-	-	590	-	590
Other claims <sup>(2)</sup>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>35.863.505</b>	<b>-</b>	<b>9.088.397</b>	<b>9.374.982</b>	<b>1.740</b>	<b>1.509.389</b>	<b>590</b>	<b>1.581.631</b>	<b>57.420.234</b>

<sup>(1)</sup> Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

<sup>(2)</sup> Other assets: the amount excludes exposures to “Central counterparty” which are reported in Counterparty credit.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
(Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.19. Risk classes and counterparty credit risk explanations**

None.

*Collaterals for CCR*

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	16.681.835	-
Cash-foreign currency	-	-	-	-	34.393.015	-
Domestic sovereign debts	-	-	-	-	538.955	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>51.613.805</b>	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	24.810.805	-
Cash-foreign currency	-	-	-	-	28.022.665	-
Domestic sovereign debts	-	-	-	-	136.170	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>52.969.640</b>	-

*Credit Derivatives*

None.

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

None.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
(Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.19. Risk classes and counterparty credit risk explanations (Continued)**

*Risks Related with Other Parts of the Center*

		Exposure at default (post- CRM)	RWA
<b>1</b>	<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>	<b>2.111.507</b>	<b>42.230</b>
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	5.122	102
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	1.122.201	22.444
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	984.184	19.684
10	Unfunded default fund contributions	-	-
<b>11</b>	<b>Exposures to non-QCCPs (total)</b>	<b>-</b>	<b>-</b>
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which )	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

*Explanations on Securitization Disclosures*

None.

**4. Explanations on Market Risk**

**4.1. The Parent Bank's process and strategies: A disclosure on the Bank's strategic goals for trading activities is made in a manner that includes processes for identification, measurement, monitoring and controlling of the Parent Bank's market risks, hedging processes and strategies/processes for monitoring continuity of hedging efficiency**

For the purposes of market risk aversion in line with financial risk management, the Parent Bank has identified market risk management activities in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks and has taken required precautions.

The Parent Bank's market risk management policies and implementation procedures have been specified in the scope of the Regulation on Risk Management, Stress Test Program and ICAAP approved by the Board of Directors.

The Parent Bank ensures that measurement, monitoring, limiting, stress test and scenario analysis activities are conducted in line with the structure and complexity of its positions for market risk management and their results are reported periodically. Activities sustained are conducted over a trading portfolio specified by the Bank's Treasury Management and other activities subject to market risk.

The amount subject to market risk is calculated and monitored with standard method and advanced measurement method at the Parent Bank. Furthermore, scenario analysis and stress tests are also conducted periodically.

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(Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**4. Explanations on Market Risk (Continued)**

**4.2. Organization and structure of market risk management function: Definition of market risk management structure established for implementation of the Parent Bank's strategies and processes as mentioned in line i) and definition of communication mechanism and relationship between different parties involved in market risk management**

Market risk management is a subunit of Risk Management Group Presidency, one of internal systems units established independently from executive units of the Parent Bank.

Market risk management activities are conducted in line with the Regulation on Risk Management, Stress Test Program and ICAAP approved with the Board Decision no. 15/18 dated 28 April 2015 and performed by aiming the best practices in this structure.

The Parent Bank's trading activities and transactions subject to market risk are monitored and measured regularly and required practices are performed for risk management. Required reports on market risk are submitted to relevant units and the Parent Bank's Top Management regularly.

**4.3. Structure and scope of risk reporting and/or measurement systems**

The amount subject to the Parent Bank's market risk is calculated on a monthly basis with the standard method and included in the Bank's capital adequacy ratio.

Apart from the standard method, Value at Risk (VaR) estimations are made for trading accounts on a daily basis and reported to relevant units. VaR calculated with Historical Simulation Method is used in daily reporting and limit measurement with a confidence level of 99%. VaR can be calculated with Parametric and Monte Carlo Methods in addition to Historical Simulation Method. Backward testing is performed so as to measure performance of used model and monitor market realization. Also, the Parent Bank performs stress tests and scenario analyses on a daily and monthly basis so as to observe the effect of excessive market fluctuations that are not covered in the models on the Parent Bank's financial position. Scenario analysis and stress test activities are reviewed and improved regularly in line with the market dynamics.

The market risk exposure is restricted with VaR-based limits (interest rate and currency risk limit) within the context of the Regulation on Risk Management, Stress Test Program and ICAAP. Market risk limits are determined by the Bank's Board of Directors.

<i>Standard approach-Current Period</i>		<b>RWA</b>	
		<b>Current Period</b>	<b>Prior Period</b>
<b>Outright products</b>			
1	Interest rate risk (general and specific)	31.222.830	32.279.735
2	Equity risk (general and specific)	4.312.614	1.056.572
3	Foreign exchange risk	5.456.779	6.478.313
4	Commodity risk	19.774	-
<b>Options</b>			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitization	-	-
9	<b>Total</b>	<b>41.011.997</b>	<b>39.814.620</b>

Standard method is being used by The Parent Bank to calculate the risk of the sector.

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(Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**5. Explanations on the Operational Risk**

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

Within the scope of the performances for modeling with the Advanced Measurement Approach of operational risk, based on the data in Operational Risk Loss database, Operational Value at Risk (OpVAR) measurements are calculated using Monte Carlo Simulation

<b>Current Period</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>Total/Number of Positive GI years</b>	<b>Ratio (%)</b>	<b>Total</b>
Gross Income	23.869.120	24.241.440	33.944.773	27.351.778	15	4.102.767
Amount Subject to Operational Risk (Total*12,5)						<b>51.284.583</b>

<b>Prior Period</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>Total/Number of Positive GI years</b>	<b>Ratio (%)</b>	<b>Total</b>
Gross Income	20.914.474	23.869.120	24.241.440	23.008.345	15	<b>3.451.252</b>
Amount Subject to Operational Risk (Total*12,5)						<b>43.140.646</b>

**6. Explanations on the Interest Rate Risk for Banking Book**

Banking accounts interest rate risk management strategy policy and implementation procedures are determined within the context of “Regulation on Risk Management, Stress Test Program and the Parent Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”)”.

The Parent Bank performs scenario analysis with measurements that are suitable for structure and complexity of positions related to the market risk management, limiting, scenario analysis and stress test and also reports the findings cyclically. The Parent Bank’s perform analysis related to interest rate risks for the entire balance sheet. New products and services are also evaluated from the point of interest rate risk that is originated from banking accounts.

In the risk management, the following methods are followed at minimum level: The follow-up of rate and maturity mismatch between sources and uses of fixed and variable interest rates, the analysis and follow-up of the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend on the interest margin and on the current value of assets and liabilities, the analysis and follow-up of contractual maturities as well as behavioral maturities assets and liabilities, monitoring closely of interest margins for provided Turkish Liras and foreign currency, the follow-up of the effects of interest rate changes on the Bank’s economic value and capital requirement, the follow-up of potential impacts of valuation methods, the calculation and the determination of the size of interest rate shock in Bank’s internal applications, the follow-up of yield curve risk. Also, in order to limit the impact of interest rate changes on Bank’s financial structure, the interest rate risk limit arising from banking accounts which is approved by the Board of Directors is followed monthly.

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(Continued)**

**VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**6. Explanations on the Interest Rate Risk for Banking Book (Continued)**

<b>Type of Currency -Current Period</b>	<b>Shock Applied (+/- x basis point)</b>	<b>Gains/ (Losses)</b>	<b>Gains/Equity-(Losses)/Equity</b>
1. TL	500	(11.867.872)	(9,48%)
2. TL	(400)	11.154.863	8,91%
3. EUR	200	3.274.065	2,61%
4. EUR	(200)	(3.384.407)	(2,70%)
5. USD	200	(6.087.622)	(4,86%)
6. USD	(200)	7.760.534	6,20%
<b>Total (for negative shocks)</b>		<b>15.530.990</b>	<b>12,40%</b>
<b>Total (for positive shocks)</b>		<b>(14.681.429)</b>	<b>(11,72%)</b>

<b>Type of Currency -Prior Period</b>	<b>Shock Applied (+/- x basis point)</b>	<b>Gains/ (Losses)</b>	<b>Gains/Equity-(Losses)/Equity</b>
1. TL	500	(19.609.423)	(17,63%)
2. TL	(400)	19.212.179	17,28%
3. EUR	200	2.430.904	2,19%
4. EUR	(200)	(2.346.330)	(2,11%)
5. USD	200	(3.826.830)	(3,44%)
6. USD	(200)	4.724.669	4,25%
<b>Total (for negative shocks)</b>		<b>21.590.518</b>	<b>19,42%</b>
<b>Total (for positive shocks)</b>		<b>(21.005.349)</b>	<b>(18,89%)</b>

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. As of 31 December 2021, the following notes to be presented on a quarterly and semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of capital adequacy by the Bank.

RWA flow statements of market risk exposures under an Internal Model Approach (IMA)

RWA flow statements of Counterparty Credit Risk (CCR) exposures under the Internal Model Method (IMM)

RWA (Risk Weighted Amounts) flow statements of credit risk exposures under IRB

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
(Continued)**

**IX. EXPLANATIONS ON HEDGING PROCEDURES**

Along with the financial risk hedge accounting, the Parent Bank applies net investment hedging in order to hedge its investments abroad, which are included in the consolidated financial statements. The effective part of the fair value change of the hedging instrument in the net investment hedging transaction has been accounted for in the "Other Accumulated Comprehensive Income or Expenses to be Reclassified to Profit or Loss" under equity.

The efficiency test is performed using the "Dollar off-set method" to compare the changes in fair value of the hedging instrument and the item subject to financial risk. Efficiency tests are performed at the beginning of hedge accounting and as of reporting periods. According to this method, the change in the value of the hedged item between the date when the hedging relationship started and the end of each reporting period is compared with the value change in the hedging instrument and the effectiveness ratio of the hedging relationship is calculated.

Hedge accounting is terminated when the hedging instrument expires, realizes, is sold or the effectiveness test is ineffective. If efficiency is restored, hedge accounting can be resumed.

The Parent Bank implements a net investment hedging strategy in order to avoid the exchange rate risk arising from the net investment value of its subsidiary Ziraat Bank International AG, Ziraat Bank BH dd and Ziraat Bank Montenegro AD. The deposit in Euro supplied by the bank from the customers has been defined as a "hedging instrument".

<b>Hedging instrument</b>	<b>Hedged Item</b>	<b>Risk Exposure</b>	<b>Fair Value Difference of Hedging Instrument</b>	<b>Fair Value Difference of Hedged Items</b>	<b>Ineffective Portion</b>
FX Deposit (EUR)	EUR Capital Amounts Allocated to Foreign Partnerships	Foreign exchange rate risk	(2.195.068)	2.195.068	-

**X. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS**

Organizational and internal reporting structure of the Group is determined in line with TFRS 8 "Operating Segments".

The Group has operations in retail banking, corporate and commercial banking, specialized banking, investment banking and international banking areas.

Known as having the most extensive branch network in retail banking sector, the Parent Bank renders services, such as; deposits, consumer loans, loans originated from public funds whose risk does not belong to the Parent Bank, pension payments, credit cards, automatic and regular payment, cheques and notes, money transfer order, foreign exchange transactions, ATM, internet banking, mobile banking, safe-deposit box and insurance brokerage services. Moreover, existing banking products are improved, and new banking products are launched in order to increase profitability and benefit from the services undertaken as being a state bank. By "Anahtar" IT system, which is working in a centralized manner, the Parent Bank has the technical infrastructure required by modern banking to meet its clients' needs.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
(Continued)**

**X. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)**

In the context of corporate and commercial banking, the Parent Bank allocates working capital loans, mid-term and long-term investment loans, foreign trade financing loans, letter of credits and guarantees in Turkish Lira and foreign currencies; renders project financing, other corporate finance related services, foreign exchange transactions and banking services to large-scale corporate clients and middle-small scale enterprises.

As the Parent Bank is the main financial institution that meets the financing needs of agricultural sector in Turkey, it extends agricultural working capital and investment loans from its own sources for crop and animal production, fishery products and agricultural mechanization directly to producers and The Central Union of Turkish Agricultural Loan Cooperatives. Besides, it gives support to entities and enterprises having operations in agricultural sector by acting as an intermediary for loans originated from public funds.

Treasury transactions and international banking activities are conducted by the Treasury Management Group and, spot and forward TL, foreign currency, precious metal, securities, derivative transactions are executed in local and international organized and over the counter money and capital markets. Also, the Parent Bank's liquidity and securities portfolio management, deposit and non-deposit funding management activities are being executed. Additionally, the distribution of treasury products to branches and other channels for marketing purposes and the intermediation to the customers' trade finance are other responsibilities. The Bank acts as an intermediary for sale and purchase of securities, for public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of mutual funds founded by Ziraat Portföy Yönetimi A.Ş. and another portfolio management companies. It also provides custody service for these financial instruments and besides, long term financing from banks and international financial institutions, issuing bonds in local and international markets, managing relationship with correspondent banks so as to diversify its funding base are among the responsibilities of the department.

Besides, the Parent Bank has commission revenue from life, non-life and private pension insurance and other finance institutions by rendering agency services through its branches.

As of 31 December 2021, explanations on segment reporting as shown on the following page are in line with “Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
(Continued)**

**X. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)**

**1. Table for Segment Reporting**

Current Period	Retail Banking	Corporate/ Commercial banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
<b>OPERATING INCOME/EXPENSE</b>							
<b>Interest Income</b>	<b>20.524.091</b>	<b>37.437.587</b>	<b>13.153.152</b>	<b>37.343.822</b>	-	<b>994.669</b>	<b>109.453.321</b>
Interest Income from Loans	20.524.091	37.437.587	13.153.152	7.304.551	-	-	78.419.381
Interest Income from Banks	-	-	-	214.351	-	-	214.351
Interest Income from Securities	-	-	-	28.275.160	-	-	28.275.160
Other Interest Income	-	-	-	1.549.760	-	994.669	2.544.429
<b>Interest Expense</b>	<b>26.497.078</b>	<b>13.576.439</b>	-	<b>26.331.280</b>	-	<b>512.776</b>	<b>66.917.573</b>
Interest Expense on Deposits	26.497.078	13.576.439	-	4.338.929	-	-	44.412.446
Interest Expense on Funds Borrowed	-	-	-	1.432.793	-	-	1.432.793
Interest Expense on Money Market Transactions	-	-	-	17.831.743	-	-	17.831.743
Interest Expense on Securities Issued	-	-	-	2.727.815	-	-	2.727.815
Other Interest Expense	-	-	-	-	-	512.776	512.776
<b>Net Interest Income/Expense</b>	<b>(5.972.987)</b>	<b>23.861.148</b>	<b>13.153.152</b>	<b>11.012.542</b>	-	<b>481.893</b>	<b>42.535.748</b>
<b>Net Fees and Commission Income/Expense</b>	<b>3.773.556</b>	<b>3.394.562</b>	<b>190.337</b>	<b>(1.990.372)</b>	-	<b>901.533</b>	<b>6.269.616</b>
Fees and Commissions Received	3.780.377	3.434.089	190.337	18.806	-	1.231.703	8.655.312
Fees and Commissions Paid	6.821	39.527	-	2.009.178	-	330.170	2.385.696
<b>Dividend Income</b>	-	-	-	<b>144.306</b>	<b>(109.580)</b>	-	<b>34.726</b>
<b>Trading Profit/Loss (Net)</b>	-	-	-	<b>(10.809.228)</b>	<b>(78.211)</b>	<b>114.653</b>	<b>(10.772.786)</b>
<b>Other Operating Income</b>	<b>35.077</b>	<b>1.752.074</b>	<b>49.585</b>	<b>6.744</b>	<b>(935.074)</b>	<b>4.686.155</b>	<b>5.594.561</b>
<b>Provision for Expected Loss (-)</b>	<b>3.304.553</b>	<b>10.506.570</b>	<b>2.257.548</b>	-	-	<b>217.288</b>	<b>16.285.959</b>
<b>Other Provision Expense</b>	<b>402</b>	<b>92.990</b>	-	-	-	<b>414.500</b>	<b>507.892</b>
<b>Personnel Expenses (-)</b>	-	-	-	-	-	<b>5.803.803</b>	<b>5.803.803</b>
<b>Other Operating Expense</b>	<b>4.079.235</b>	<b>340.704</b>	<b>114.590</b>	<b>8</b>	-	<b>5.659.400</b>	<b>10.193.937</b>
<b>Net Operating Profit/Loss</b>	<b>(9.548.544)</b>	<b>18.067.520</b>	<b>11.020.936</b>	<b>(1.636.016)</b>	<b>(1.122.865)</b>	<b>(5.910.757)</b>	<b>10.870.274</b>
<b>Profit/Loss on Equity Method</b>							
<b>Applied Subsidiaries</b>	-	-	-	-	<b>117.827</b>	<b>19.369</b>	<b>137.196</b>
<b>Tax Provision</b>	-	-	-	-	-	<b>(3.018.958)</b>	<b>(3.018.958)</b>
<b>Discontinued Operations Profit / Loss Before Taxes</b>	-	-	-	-	-	-	-
<b>Discontinued Operations Tax Provision</b>	-	-	-	-	-	-	-
<b>Net Profit/Loss</b>	<b>(9.548.544)</b>	<b>18.067.520</b>	<b>11.020.936</b>	<b>(1.636.016)</b>	<b>(1.005.038)</b>	<b>(8.910.346)</b>	<b>7.988.512</b>
<b>SEGMENT ASSETS</b>							
<b>Financial Assets at FV Through P/L</b>	-	-	-	<b>28.551.122</b>	-	-	<b>28.551.122</b>
<b>Banks and Receivables from Money Market</b>	-	-	-	<b>18.772.877</b>	-	-	<b>18.772.877</b>
<b>Financial Assets at Fair Value Through Other Comprehensive Income (Net)</b>	-	-	-	<b>279.776.537</b>	<b>1.517</b>	-	<b>279.778.054</b>
<b>Loans (*)</b>	<b>172.972.249</b>	<b>535.676.379</b>	<b>116.362.035</b>	<b>16.501.260</b>	-	-	<b>841.511.923</b>
<b>Financial Assets Measured at Amortized Cost (Net)</b>	-	-	-	<b>46.328.891</b>	-	-	<b>46.328.891</b>
<b>Derivative Financial Assets</b>	-	-	-	<b>12.067.535</b>	-	-	<b>12.067.535</b>
<b>Associates, Subsidiaries and Entities under Common Control</b>	-	-	-	<b>21.974.194</b>	<b>(20.234.095)</b>	-	<b>1.740.099</b>
<b>Other Assets</b>	<b>7.334</b>	<b>6.743.213</b>	<b>121.636</b>	<b>200.444.598</b>	<b>1.110.349</b>	<b>56.356.249</b>	<b>264.783.379</b>
<b>Total Segment Assets</b>	<b>172.979.583</b>	<b>542.419.592</b>	<b>116.483.671</b>	<b>624.417.014</b>	<b>(19.122.229)</b>	<b>56.356.249</b>	<b>1.493.533.880</b>
<b>SEGMENT LIABILITIES</b>							
<b>Deposits</b>	<b>750.686.340</b>	<b>178.215.323</b>	-	<b>56.488.596</b>	-	<b>66.470.442</b>	<b>1.051.860.701</b>
<b>Derivative Financial Liabilities Held for Trading</b>	-	-	-	<b>3.702.077</b>	-	-	<b>3.702.077</b>
<b>Funds Borrowed</b>	-	-	-	<b>60.940.831</b>	-	-	<b>60.940.831</b>
<b>Money Markets Borrowings</b>	<b>13.812</b>	<b>120.192.120</b>	-	<b>60.277.809</b>	-	-	<b>180.483.741</b>
<b>Securities Issued (Net)</b>	-	-	-	<b>30.309.580</b>	-	-	<b>30.309.580</b>
<b>Provisions</b>	<b>2.792</b>	<b>3.295.851</b>	-	-	-	<b>6.492.365</b>	<b>9.791.008</b>
<b>Other Liabilities</b>	-	-	-	-	<b>(11.540)</b>	<b>55.314.363</b>	<b>55.302.823</b>
<b>Shareholders' Equity</b>	-	-	-	-	<b>(19.120.407)</b>	<b>120.263.526</b>	<b>101.143.119</b>
<b>Total Segment Liabilities</b>	<b>750.702.944</b>	<b>301.703.294</b>	-	<b>211.718.893</b>	<b>(19.131.947)</b>	<b>248.540.696</b>	<b>1.493.533.880</b>

(\*) It also includes receivables from leasing and factoring transactions.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
(Continued)**

**X. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)**

**1. Table for Segment Reporting (Continued)**

Prior Period	Retail Banking	Corporate/ Commercial banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
<b>OPERATING INCOME/EXPENSE</b>							
<b>Interest Income</b>	<b>16.074.598</b>	<b>25.901.597</b>	<b>8.593.354</b>	<b>23.257.080</b>	-	<b>624.108</b>	<b>74.450.737</b>
Interest Income from Loans	16.074.598	25.901.597	8.593.354	5.540.452	-	-	56.110.001
Interest Income from Banks	-	-	-	133.438	-	-	133.438
Interest Income from Securities	-	-	-	17.320.104	-	-	17.320.104
Other Interest Income	-	-	-	263.086	-	624.108	887.194
<b>Interest Expense</b>	<b>14.143.315</b>	<b>8.344.640</b>	-	<b>10.927.193</b>	-	<b>3.557.392</b>	<b>36.972.540</b>
Interest Expense on Deposits	14.143.315	8.344.640	-	1.887.011	-	-	24.374.966
Interest Expense on Funds Borrowed	-	-	-	1.325.340	-	-	1.325.340
Interest Expense on Money Market Transactions	-	-	-	5.791.733	-	-	5.791.733
Interest Expense on Securities Issued	-	-	-	1.923.109	-	-	1.923.109
Other Interest Expense	-	-	-	-	-	3.557.392	3.557.392
<b>Net Interest Income/Expense</b>	<b>1.931.283</b>	<b>17.556.957</b>	<b>8.593.354</b>	<b>12.329.887</b>	-	<b>(2.933.284)</b>	<b>37.478.197</b>
<b>Net Fees and Commission Income/Expense</b>	<b>2.424.183</b>	<b>1.895.359</b>	<b>127.990</b>	<b>(1.153.164)</b>	-	<b>290.037</b>	<b>3.584.405</b>
Fees and Commissions Received	2.424.183	1.918.495	127.990	3.876	-	971.221	5.445.765
Fees and Commissions Paid	-	23.136	-	1.157.040	-	681.184	1.861.360
<b>Dividend Income</b>	-	-	-	<b>1.119.673</b>	<b>(1.112.359)</b>	-	<b>7.314</b>
<b>Trading Profit/Loss (Net)</b>	-	-	-	<b>(7.660.157)</b>	-	<b>23.563</b>	<b>(7.636.594)</b>
<b>Other Operating Income</b>	<b>55.809</b>	<b>355.388</b>	<b>29.260</b>	<b>525.716</b>	<b>(298.577)</b>	<b>5.251.649</b>	<b>5.919.245</b>
<b>Provision for Expected Loss (-)</b>	<b>3.215.565</b>	<b>6.924.254</b>	<b>1.552.502</b>	-	-	<b>501.680</b>	<b>12.194.001</b>
<b>Other Provision Expense</b>	-	<b>48.342</b>	-	<b>49</b>	-	<b>2.826.528</b>	<b>2.874.919</b>
<b>Personnel Expense (-)</b>	-	-	-	-	-	<b>4.852.164</b>	<b>4.852.164</b>
<b>Other Operating Expense</b>	<b>3.374.073</b>	<b>164.646</b>	<b>77.763</b>	<b>114.392</b>	-	<b>4.612.433</b>	<b>8.343.307</b>
<b>Net Operating Profit/Loss</b>	<b>(2.178.363)</b>	<b>12.670.462</b>	<b>7.120.339</b>	<b>5.047.514</b>	<b>(1.410.936)</b>	<b>(10.160.840)</b>	<b>11.088.176</b>
<b>Profit/Loss on Equity Method Applied Subsidiaries</b>	-	-	-	-	<b>40.087</b>	<b>17.171</b>	<b>57.258</b>
<b>Tax Provision</b>	-	-	-	-	-	<b>(3.348.927)</b>	<b>(3.348.927)</b>
<b>Discontinued Operations Profit / Loss Before Taxes</b>	-	-	-	-	-	<b>1.937.973</b>	<b>1.937.973</b>
<b>Discontinued Operations Tax Provision</b>	-	-	-	-	-	<b>(81.405)</b>	<b>(81.405)</b>
<b>Net Profit/Loss</b>	<b>(2.178.363)</b>	<b>12.670.462</b>	<b>7.120.339</b>	<b>5.047.514</b>	<b>(1.370.849)</b>	<b>(11.636.028)</b>	<b>9.653.075</b>
<b>SEGMENT ASSETS</b>							
Financial Assets at FV Through P/L	-	-	-	15.354.116	-	-	15.354.116
Banks and Receivables from Money Markets	-	-	-	10.027.095	-	-	10.027.095
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	187.238.807	1.517	-	187.240.324
Loans (*)	179.301.086	367.187.496	85.643.924	9.500.957	-	-	641.633.463
Financial Assets Measured at Amortized Cost (Net)	-	-	-	30.615.146	-	-	30.615.146
Derivative Financial Assets	-	-	-	5.061.778	-	-	5,061,778
Associates, Subsidiaries and Entities under Common Control	-	-	-	15,245,526	(13,760,183)	-	1,485,343
Other Assets	8,689	6,524,817	122,567	88,366,223	524,208	31,569,152	127,115,656
<b>TOTAL SEGMENT ASSETS</b>	<b>179.309.775</b>	<b>373.712.313</b>	<b>85.766.491</b>	<b>361.409.648</b>	<b>(13.234.458)</b>	<b>31.569.152</b>	<b>1.018.532.921</b>
<b>SEGMENT LIABILITIES</b>							
Deposits	465,068,519	151,576,278	-	34,215,803	-	43,977,640	694,838,240
Derivative Financial Liabilities Held for Trading	-	-	-	3,486,961	-	-	3,486,961
Funds Borrowed	-	-	-	37,168,551	-	-	37,168,551
Money Market Borrowings	9,029	22,701,248	-	95,792,265	-	-	118,502,542
Securities Issued (Net)	-	-	-	18,373,615	-	-	18,373,615
Provisions	1,308	1,862,610	-	-	-	5,646,908	7,510,826
Other Liabilities	-	-	-	-	(1,667)	43,580,300	43,578,633
Shareholders' Equity	-	-	-	-	(13,232,792)	108,306,345	95,073,553
<b>TOTAL SEGMENT LIABILITIES</b>	<b>465.078.856</b>	<b>176.140.136</b>	-	<b>189.037.195</b>	<b>(13.234.459)</b>	<b>201.511.193</b>	<b>1.018.532.921</b>

(\*) It also includes receivables from leasing transactions.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
(Continued)**

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

**1. Information Regarding the Fair Value of Financial Assets and Liabilities**

<b>Current Period</b>	<b>Book Value</b>	<b>Fair Value</b>
<b>Financial Assets</b>	<b>1.209.754.418</b>	<b>1.172.565.612</b>
Due from Interbank Money Market	1.249.768	1.247.985
Banks	17.535.641	17.532.194
Financial Assets Measured at Fair Value Through Other Comprehensive Income	279.778.054	279.778.054
Financial Assets Measured at Amortised Cost	46.339.025	53.479.175
Loans	864.851.930	820.528.204
<b>Financial Liabilities</b>	<b>1.184.886.076</b>	<b>1.176.353.207</b>
Bank Deposits	60.142.739	59.882.319
Other Deposits	991.717.962	980.751.108
Funds Borrowed from Other Financial Institutions	60.940.831	61.495.610
Issued Marketable Securities	53.051.544	55.191.170
Miscellaneous Payables	19.033.000	19.033.000

<b>Prior Period</b>	<b>Book Value</b>	<b>Fair Value</b>
<b>Financial Assets</b>	<b>885.404.729</b>	<b>859.602.894</b>
Due from Interbank Money Market	603.790	602.246
Banks	9.430.160	9.421.649
Financial Assets Measured at Fair Value Through Other Comprehensive Income	187.240.324	187.240.324
Financial Assets Measured at Amortised Cost	30.620.481	27.992.429
Loans	657.509.974	634.346.246
<b>Financial Liabilities</b>	<b>777.778.912</b>	<b>779.910.196</b>
Bank Deposits	39.448.179	39.416.429
Other Deposits	655.390.061	655.542.414
Funds Borrowed from Other Financial Institutions	37.168.551	38.016.673
Issued Marketable Securities	32.189.849	33.352.408
Miscellaneous Payables	13.582.272	13.582.272

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

The fair value of held to maturity financial assets is calculated by considering market prices. In cases where these prices cannot be determined, the fair value is assessed on the basis of market prices quoted for securities that have the same attributes in terms of interest, maturity and other terms.

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(Continued)**

**XI. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND  
LIABILITIES (Continued)**

**2. Information on Fair Value Measurements Recognized in the Financial Statements**

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

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets at Fair Value Through Profit or (Loss)</b>	<b>279.506</b>	<b>28.271.616</b>	<b>-</b>	<b>28.551.122</b>
Government Debt Securities	37.355	25.678.537	-	25.715.892
Marketable Securities	25.041	-	-	25.041
Other Marketable Securities	217.110	2.593.079	-	2.810.189
<b>Financial Assets at Fair Value Through Other</b>	<b>278.244.901</b>	<b>1.175.310</b>	<b>313.437</b>	<b>279.733.648</b>
Government Debt Securities	277.342.628	-	-	277.342.628
Marketable Securities	7.940	-	313.437	321.377
Other Marketable Securities	894.333	1.175.310	-	2.069.643
<b>Derivative Financial Assets</b>	<b>-</b>	<b>12.067.535</b>	<b>-</b>	<b>12.067.535</b>
<b>Subsidiaries and Joint Ventures</b>	<b>-</b>	<b>-</b>	<b>1.263.841</b>	<b>1.263.841</b>
<b>Total Assets</b>	<b>278.524.407</b>	<b>41.514.461</b>	<b>1.577.278</b>	<b>321.616.146</b>
Derivative Financial Liabilities	-	3.702.077	-	3.702.077
<b>Total Liabilities</b>	<b>-</b>	<b>3.702.077</b>	<b>-</b>	<b>3.702.077</b>

<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets at Fair Value Through Profit or (Loss)</b>	<b>239.716</b>	<b>15.114.400</b>	<b>-</b>	<b>15.354.116</b>
Government Debt Securities	92.249	13.699.516	-	13.791.765
Marketable Securities	109.543	434.012	-	543.555
Other Marketable Securities	37.924	980.872	-	1.018.796
<b>Financial Assets at Fair Value Through Other</b>	<b>184.722.246</b>	<b>2.250.232</b>	<b>236.776</b>	<b>187.209.254</b>
Government Debt Securities	180.817.801	-	-	180.817.801
Marketable Securities	5.869	122	236.776	242.767
Other Marketable Securities	3.898.576	2.250.110	-	6.148.686
<b>Derivative Financial Assets</b>	<b>-</b>	<b>5.061.778</b>	<b>-</b>	<b>5.061.778</b>
<b>Subsidiaries and Joint Ventures</b>	<b>-</b>	<b>-</b>	<b>931.088</b>	<b>931.088</b>
<b>Total Assets</b>	<b>184.961.962</b>	<b>22.426.410</b>	<b>1.167.864</b>	<b>208.556.236</b>
Derivative Financial Liabilities	-	3.486.961	-	3.486.961
<b>Total Liabilities</b>	<b>-</b>	<b>3.486.961</b>	<b>-</b>	<b>3.486.961</b>

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
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**XI. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND  
LIABILITIES (Continued)**

**2. Information on Fair Value Measurements Recognized in the Financial Statements  
(Continued)**

The movement of financial assets in Level 3 is presented below:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balances at Beginning at Period</b>	<b>1.167.864</b>	<b>565.103</b>
Purchases	-	274.964
Disposals Through Sale/ Redemptions	(69.981)	-
Valuation effect	518.343	327.797
Transfers	(38.948)	-
<b>Balances at the End at Period</b>	<b>1.577.278</b>	<b>1.167.864</b>

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

**1. Transaction, Custody, Management and Consultancy Services of The Group on behalf of  
Third Parties:**

The Group acts as an intermediary for purchases and sales of government securities on behalf of real persons and corporate, conducts repo transactions, and provides custody services. The Group does not provide consultancy and management services.

**2. Transactions with Other Financial Institutions Under Fiduciary Transaction Agreements  
and Financial Services Rendered to Other Financial Institutions Under the Scope Of  
Fiduciary Transactions and the Effects of Such Services to the Financial Position of the  
Parent Bank or the Group**

The Parent Bank has no fiduciary transactions.

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**SECTION FIVE**

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS**

**1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (the “CBRT”)**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	2.688.076	8.674.065	2.239.346	3.983.617
Central Bank of the Republic of Turkey	23.698.821	191.052.534	6.127.060	82.146.802
Other	24	1.435.839	-	449.400
<b>Total</b>	<b>26.386.921</b>	<b>201.162.438</b>	<b>8.366.406</b>	<b>86.579.819</b>

*Explanation on reserve requirements*

Banks that are established in Turkey or performing their operations by opening branches in Turkey are subject to Communiqué on Required Reserves of Central Bank of the Republic of Turkey’s numbered 2013/15. Based on accounting standards and registration layout for banks and financing companies, the items specified within the Communiqué, except from liabilities to Central Bank, Treasury, Domestic banks, and head offices and branches in Turkey of the banks established by international agreements, constitute required reserves liabilities.

Banks are required to maintain reserves with Central Bank of the Republic of Turkey for their TL and FC liabilities that are specified in the aforementioned Communiqué. Required reserves are calculated every two weeks as of Friday and established for 14-day intervals.

Required reserve rates vary according to the maturity structure of the liabilities and are applied between 3%-8% for TL deposits and other liabilities, 5%-26% for FX deposits and for other FC liabilities. Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation funds in Turkish lira as of the obligation date of 15/4/2022 It has been decided not to apply an annual commission of 1.5% to the banks that have reached the 10% level and the 20% level as of the 8/7/2022 obligation date, up to the amount to be kept for their liabilities until the end of 2022.

*Information on the account of the Central Bank of the Republic of Turkey*

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	23.091.176	43.412.219	5.905.660	21.462.861
Unrestricted Time Deposit	-	18.403.250	-	-
Restricted Time Deposit	-	682	-	370
Other <sup>(1)</sup>	607.645	129.236.383	221.400	60.683.571
<b>Total</b>	<b>23.698.821</b>	<b>191.052.534</b>	<b>6.127.060</b>	<b>82.146.802</b>

(1) Includes required reserves and CBRT restricted electronic money funds amounting to TL 16.046. Required reserve of branches abroad amounting to TL 399.329 is presented in this line. TL 4.103.676 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC (31 December 2020: Includes required reserves and CBRT restricted electronic money funds amounting to TL 12.011. Required reserve of branches abroad amounting to TL 265.879 is presented in this line. TL 9.120.863 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC).

**2. Information on Financial Assets at Fair Value Through Profit and Loss Given or Blocked as Collateral or Subject to Repurchase Agreements**

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	1.894.329	987.872
Assets Blocked/Given as Collateral	23.897.387	13.708.749
<b>Total</b>	<b>25.791.716</b>	<b>14.696.621</b>

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

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**3. Positive Differences Statement Regarding Trading Derivative Financial Assets**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	818.332	8.596	69.015	1.618
Swap Transactions	9.632.350	1.535.695	2.872.371	2.112.607
Futures Transactions	-	-	6.018	-
Options	-	72.562	-	-
Other	-	-	140	9
<b>Total</b>	<b>10.450.682</b>	<b>1.616.853</b>	<b>2.947.544</b>	<b>2.114.234</b>

**4. Information on Bank Account and Foreign Banks**

**4.1. Information on Bank Balances**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	4.302	414.080	3.213	2.625.254
Foreign (*)	761.144	16.356.115	578.142	6.223.551
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>765.446</b>	<b>16.770.195</b>	<b>581.355</b>	<b>8.848.805</b>

(\*) In accordance with the Uniform Chart of Accounts that entered into force as of January 1, 2021, foreign bank derivative and repo transactions collaterals amounting to TL 5.800.233 as of the balance sheet date, which were included in the previous period's other assets, are reported in the foreign banks line in the current period.

**4.2. Information on Foreign Bank Accounts**

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	3.809.167	3.127.880	4.953.475	-
USA, Canada	1.270.401	472.364	715.740	-
OECD Countries (1)	1.581.935	229.374	-	-
Off-shore Banking Regions	-	-	-	-
Other	4.655.523	2.970.814	131.018	1.261
<b>Total</b>	<b>11.317.026</b>	<b>6.800.432</b>	<b>5.800.233</b>	<b>1.261</b>

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

**5. Explanation Regarding to the Comparison of Net Values of Financial Assets at Fair Value Through Other Comprehensive Income or Blocked as Collateral and Subject to Repurchase Agreements**

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	173.441.580	54.282.961
Assets Blocked/Given as Collateral	53.977.913	84.326.980
<b>Total</b>	<b>227.419.493</b>	<b>138.609.941</b>

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**6. Information on Financial Assets Fair Value Through Other Comprehensive Income**

	Current Period	Prior Period
Debt Securities	293.409.533	189.012.067
Quoted at Stock Exchange	292.769.022	187.266.123
Not Quoted in Stock Exchange	640.511	1.745.944
Share Certificates	420.414	302.479
Quoted at Stock Exchange	2.740	2.733
Not Quoted in Stock Exchange	417.674	299.746
Provision for Impairment (-)	14.051.893	2.074.222
<b>Total</b>	<b>279.778.054</b>	<b>187.240.324</b>

**7. Information Related to Loans**

**7.1 Information on All Types of Loans and Advances Given to Shareholders and Employees of the Bank**

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Shareholders	-	-	-	-
Granted loans to Legal Entity Partners	-	-	-	-
Granted loans to Individual Partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees <sup>(1) (2)</sup>	764.199	-	642.578	-
<b>Total</b>	<b>764.199</b>	<b>-</b>	<b>642.578</b>	<b>-</b>

- (1) Interest rediscount and interest accrual amounting TL 6.342, are not included (31 December 2020: Interest rediscount and interest accrual amounting TL 4.190 are not included).
- (2) Since the balance of overdraft accounts related to employees amounting TL 33.441, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above (31 December 2020: Since the balance of overdraft accounts related to employees amounting TL 21.494, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above).

**7.2. Information on the First and Second Group Loans and Other Receivables Including Restructured or Rescheduled Loans**

Current Period		Loans Under Close Monitoring <sup>(2)</sup>			
		Standard Loans	Not Under the Scope of Restructuring	Loans under restructuring	
				Loans with revised contract terms	Refinancing
Cash Loans <sup>(3)</sup>					
Non-Specialized Loans	641.613.947	24.918.925	1.355.461	47.648.327	
Commercial Loans	422.801.254	15.437.647	1.135.800	47.492.680	
Export Loans	15.001.635	214.053	-	-	
Import Loans	1.135.986	41.924	-	-	
Loans Given to Financial Sector	6.334.659	-	-	-	
Consumer Loans	146.945.300	5.359.270	218.295	150.676	
Credit Cards	31.481.786	2.372.525	-	1.174	
Other	17.913.327	1.493.506	1.366	3.797	
Specialized Loans <sup>(1)</sup>	104.062.560	3.789.550	38.766	1.269.130	
Other Receivables	-	-	-	-	
Interest Income Accruals	14.280.794	888.668	50.298	4.729.304	
<b>Total</b>	<b>759.957.301</b>	<b>29.597.143</b>	<b>1.444.525</b>	<b>53.646.761</b>	

(1) Agricultural loans to support farmers are shown in specialized loans.

(2) It includes a loan amounting to TL 347.139 with a delay of more than 90 days.

(3) In accordance with the BRSA's Uniform Chart of Accounts amendment, fund-based loans amounting to TL 5.715.578 started to be monitored off-balance sheet in the current period.

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**7. Information Related to Loans (Continued)**

**7.2. Information on the First and Second Group Loans and Other Receivables Including Restructured or Rescheduled Loans (Continued)**

Prior Period	Standard Loans	Loans Under Close Monitoring <sup>(3)</sup>		
		Not Under the Scope of Restructuring	Loans under restructuring	
Cash Loans			Loans with revised contract terms	Refinancing
Non-Specialized Loans	511.771.755	20.159.042	1.024.130	13.930.913
Commercial Loans	300.433.370	17.973.440	944.727	13.822.319
Export Loans	6.969.102	502.089	-	-
Import Loans	63.885	-	-	-
Loans Given to Financial Sector	7.383.937	-	-	-
Consumer Loans	166.429.646	1.371.308	79.208	104.309
Credit Cards	17.742.374	234.189	-	3.354
Other	12.749.441	78.016	195	931
Specialized Loans <sup>(1)(2)</sup>	79.035.186	1.188.468	764	1.216.456
Other Receivables	-	-	-	-
Interest Income Accruals	10.042.382	1.670.508	57.285	731.871
<b>Total</b>	<b>600.849.323</b>	<b>23.018.018</b>	<b>1.082.179</b>	<b>15.879.240</b>

(1) Funds are originated agricultural loans are shown in specialized loans.

(2) Agricultural loans to support farmers are shown in specialized loans.

(3) It includes a loan amounting to TL 2.721.661 with a delay of more than 90 days.

Expected Credit Loss of Stage 1 and Stage 2	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Losses	2.660.108	-	2.888.030	-
Significant Increase in Credit Risk	-	14.991.813	-	6.223.597

**7.3. Distribution of Cash Loans by Maturity Structure**

Current Period	Standard Loans	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured or Rescheduled
Short-term Loans	185.203.936	9.235.604	4.434.891
Medium and Long-term Loans and Other Receivables	560.472.571	19.472.871	45.876.793

(1) Accruals are not included in the table.

(2) In accordance with the BRSA's Uniform Chart of Accounts amendment, fund-based loans amounting to TL 5.715.578 started to be monitored off-balance sheet in the current period.

Prior Period	Standard Loans	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured or Rescheduled
Short-term Loans	99.763.206	4.216.356	1.206.028
Medium and Long-term Loans and Other Receivables	491.043.735	17.131.154	14.966.235

(1) Accruals are not included in the table.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**7. Information Related to Loans (Continued)**

**7.4. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards**

<b>Current Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Consumer Loans-TL	1.173.135	146.481.934	147.655.069
Mortgage Loans	14.062	90.688.507	90.702.569
Automotive Loans	9.358	809.089	818.447
Consumer Loans	1.149.715	54.984.338	56.134.053
Other	-	-	-
Consumer Loans- Indexed to FC	977	422.317	423.294
Mortgage Loans	-	69.982	69.982
Automotive Loans	-	3.167	3.167
Consumer Loans	-	21.511	21.511
Other	977	327.657	328.634
Consumer Loans-FC	13.036	1.668.736	1.681.772
Mortgage Loans	270	368.305	368.575
Automotive Loans	40	16.974	17.014
Consumer Loans	8.224	224.825	233.049
Other	4.502	1.058.632	1.063.134
Retail Credit Cards-TL	17.057.839	219.892	17.277.731
With Installment	4.848.028	196.462	5.044.490
Without Installment	12.209.811	23.430	12.233.241
Retail Credit Cards-FC	87.809	1.479	89.288
With Installment	86.371	-	86.371
Without Installment	1.438	1.479	2.917
Personnel Loans-TL	20.983	435.875	456.858
Mortgage Loans	-	2.772	2.772
Automotive Loans	-	128	128
Consumer Loans	20.983	432.975	453.958
Other	-	-	-
Personnel Loans-Indexed to FC	-	14.275	14.275
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	14.275	14.275
Personnel Loans-FC	2.658	52.375	55.033
Mortgage Loans	-	8.261	8.261
Automotive Loans	-	400	400
Consumer Loans	2.492	1.955	4.447
Other	166	41.759	41.925
Personnel Credit Cards-TL	228.633	7.223	235.856
With Installment	61.491	6.538	68.029
Without Installment	167.142	685	167.827
Personnel Credit Cards-FC	2.177	-	2.177
With Installment	2.137	-	2.137
Without Installment	40	-	40
Overdraft Accounts-TL (Real Person)	2.387.151	-	2.387.151
Overdraft Accounts-FC (Real Person)	89	-	89
<b>Total <sup>(1)</sup></b>	<b>20.974.487</b>	<b>149.304.106</b>	<b>170.278.593</b>

<sup>(1)</sup> TL 1.309.768 of interest income rediscount and accrual is not included.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**7. Information Related to Loans (Continued)**

**7.4. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards (Continued)**

<b>Prior Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Consumer Loans-TL	695.314	163.835.316	164.530.630
Mortgage Loans <sup>(2)</sup>	9.748	95.348.941	95.358.689
Automotive Loans	7.567	1.063.501	1.071.068
Consumer Loans <sup>(2)</sup>	677.999	67.422.874	68.100.873
Other	-	-	-
Consumer Loans- Indexed to FC	273	352.145	352.418
Mortgage Loans	-	55.203	55.203
Automotive Loans	-	2.889	2.889
Consumer Loans	65	18.236	18.301
Other	208	275.817	276.025
Consumer Loans-FC	5.168	899.509	904.677
Mortgage Loans	298	161.298	161.596
Automotive Loans	104	13.049	13.153
Consumer Loans	1.915	77.306	79.221
Other	2.851	647.856	650.707
Consumer Credit Cards-TL	9.906.452	199.310	10.105.762
With Installment	3.324.760	184.008	3.508.768
Without Installment	6.581.692	15.302	6.596.994
Consumer Credit Cards-FC	57.384	22	57.406
With Installment	56.678	-	56.678
Without Installment	706	22	728
Personnel Loans-TL	14.553	405.788	420.341
Mortgage Loans	-	1.082	1.082
Automotive Loans	-	425	425
Consumer Loans	14.553	404.281	418.834
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	232	36.600	36.832
Mortgage Loans	-	10.446	10.446
Automotive Loans	-	-	-
Consumer Loans	5	1.538	1.543
Other	227	24.616	24.843
Personnel Credit Cards-TL	176.667	7.245	183.912
With Installment	63.409	6.890	70.299
Without Installment	113.258	355	113.613
Personnel Credit Cards-FC	1.493	-	1.493
With Installment	1.470	-	1.470
Without Installment	23	-	23
Credit Deposit Account-TL (Real Person)	1.739.573	-	1.739.573
Credit Deposit Account-FC (Real Person)	-	-	-
<b>Total <sup>(1)</sup></b>	<b>12.597.109</b>	<b>165.735.935</b>	<b>178.333.044</b>

<sup>(1)</sup> TL 1.089.551 of interest income accrual is not included.

<sup>(2)</sup> Funds originated consumer loans amounting to TL 3.914.794 of are included.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**7. Information Related to Loans (Continued)**

**7.5. Information on Commercial Installment Loans and Corporate Credit Cards**

<b>Current Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Commercial Installment Loans- TL	3.763.212	90.134.805	93.898.017
Mortgage Loans	7.154	1.696.440	1.703.594
Automotive Loans	251.321	3.415.447	3.666.768
Consumer Loans	3.504.737	85.022.918	88.527.655
Other	-	-	-
Commercial Installment Loans- FC Indexed	1.050.065	657.659	1.707.724
Mortgage Loans	-	-	-
Automotive Loans	-	20	20
Consumer Loans	25.436	598.659	624.095
Other	1.024.629	58.980	1.083.609
Commercial Installment Loans- FC	2.182.877	73.871.304	76.054.181
Mortgage Loans	178.060	475.530	653.590
Automotive Loans	91	54.056	54.147
Consumer Loans	1.661.146	72.292.426	73.953.572
Other	343.580	1.049.292	1.392.872
Corporate Credit Cards- TL	15.944.209	247.639	16.191.848
With Installment	7.042.609	247.539	7.290.148
Without Installment	8.901.600	100	8.901.700
Corporate Credit Cards- FC	58.585	-	58.585
With Installment	56.752	-	56.752
Without Installment	1.833	-	1.833
Overdraft Account-TL (Legal Entity)	1.463.188	-	1.463.188
Overdraft Account-FC (Legal Entity)	-	-	-
<b>Total <sup>(1)</sup></b>	<b>24.462.136</b>	<b>164.911.407</b>	<b>189.373.543</b>

<sup>(1)</sup> Accruals and rediscount amounts related to loans are not included in the table above.

<b>Prior Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Commercial Installment Loans- TL	2.473.246	106.838.039	109.311.285
Mortgage Loans	1.352	1.475.010	1.476.362
Automotive Loans	155.613	2.166.836	2.322.449
Consumer Loans	2.316.281	103.196.193	105.512.474
Other	-	-	-
F Commercial Installments Loans- FC Indexed	779.976	1.009.417	1.789.393
Mortgage Loans	779.976	1.006.474	1.786.450
Automotive Loans	-	2.943	2.943
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans- FC	315.999	46.135.941	46.451.940
Mortgage Loans	38.228	147.081	185.309
Automotive Loans	-	37.882	37.882
Consumer Loans	161.831	45.305.788	45.467.619
Other	115.940	645.190	761.130
Corporate Credit Cards- TL	7.533.999	75.399	7.609.398
With Installment	3.278.089	75.279	3.353.368
Without Installment	4.255.910	120	4.256.030
Corporate Credit Cards- FC	21.946	-	21.946
With Installment	21.412	-	21.412
Without Installment	534	-	534
Overdraft Account- TL (Legal Entity)	940.273	-	940.273
Overdraft Account- FC (Legal Entity)	26.457	-	26.457
<b>Total <sup>(1)</sup></b>	<b>12.091.896</b>	<b>154.058.796</b>	<b>166.150.692</b>

<sup>(1)</sup> Accruals and rediscount amounts related to loans are not included in the table above.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**7. Information Related to Loans (Continued)**

**7.6. Loans According to Types of Borrowers**

	<b>Current Period (*)</b>	<b>Prior Period</b>
Public	13.011.446	5.912.984
Private	811.685.220	622.413.730
Interest Income Accruals of Loans	19.949.064	12.502.046
<b>Total</b>	<b>844.645.730</b>	<b>640.828.760</b>

(\*) In accordance with the BRSA's Uniform Chart of Accounts amendment, fund-based loans amounting to TL 5.715.578 started to be monitored off-balance sheet in the current period.

**7.7. Distribution of Domestic and Foreign Loans**

	<b>Current Period (*)</b>	<b>Prior Period</b>
Domestic Loans	802.846.934	613.508.290
Foreign Loans	21.849.732	14.818.424
Interest Income Accruals of Loans	19.949.064	12.502.046
<b>Total</b>	<b>844.645.730</b>	<b>640.828.760</b>

(\*) In accordance with the BRSA's Uniform Chart of Accounts amendment, fund-based loans amounting to TL 5.715.578 started to be monitored off-balance sheet in the current period.

**7.8. Loans Granted to Investments in Associates and Subsidiaries**

	<b>Current Period</b>	<b>Prior Period</b>
Direct loans granted to subsidiaries and associates	1.522.167	1.138.436
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>1.522.167</b>	<b>1.138.436</b>

**7.9. Credit-Impaired Losses (Stage III / Specific Provision)**

	<b>Current Period</b>	<b>Prior Period</b>
Loans and other receivables with limited collectability	1.651.518	1.234.735
Loans and other receivables with doubtful collectability	1.127.454	655.989
Uncollectible loans and other receivables	12.493.924	10.020.337
<b>Total</b>	<b>15.272.896</b>	<b>11.911.061</b>

**7.10. Information on Non-Performing Loans (Net)**

**7.10.1. Information on Non-Performing Loans Restructured or Rescheduled and Other Receivables**

	<b>Group III Loans and receivables with limited collectability</b>	<b>Group IV Loans and receivables with doubtful collectability</b>	<b>Group V Uncollectible loans and receivables</b>
<b>Current Period</b>			
Gross amounts before the provisions	609.360	289.568	1.650.130
Rescheduled Loans	609.360	289.568	1.650.130
<b>Prior Period</b>			
Gross amounts before the provisions	245.295	124.385	1.015.246
Rescheduled Loans	245.295	124.385	1.015.246

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**7. Information Related to Loans (Continued)**

**7.10.2. Information on The Movement of Total Non-Performing Loans**

	<b>Group III Loans and receivables with limited collectability</b>	<b>Group IV Loans and receivables with doubtful collectability</b>	<b>Group V Uncollectible loans and receivables</b>
<b>Prior Period Ending Balance</b>	<b>2.608.435</b>	<b>1.341.890</b>	<b>12.730.889</b>
Additions (+)	4.260.719	2.486.621	2.439.367
Transfers from Other Categories of Loans under Follow-Up (+)	-	2.369.904	3.025.906
Transfers to Other Categories of Loans under Follow-Up (-)	2.369.904	3.025.906	-
Collections (-) (1)	870.607	965.782	3.825.332
Write-offs (-)	-	-	-
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>3.628.643</b>	<b>2.206.727</b>	<b>14.370.830</b>
Provision (-)	1.651.518	1.127.454	12.493.924
<b>Net Balance at Balance Sheet</b>	<b>1.977.125</b>	<b>1.079.273</b>	<b>1.876.906</b>

(1) In accordance with the BRSA's Uniform Chart of Accounts amendment it includes transfers to first and second group loans amounting to TL 1.095.890 and portion of non-performing loans from funds amounting to TL 261.685 transferred off balance sheet.

**7.10.3. Information on Non-Performing Loans Granted as Foreign Currency Loans**

	<b>Group III Loans and other receivables with limited collectability</b>	<b>Group IV Loans and receivables with doubtful collectability</b>	<b>Group V Uncollectible loans and other receivables</b>
<b>Current Period</b>			
<b>Period Ending Balance</b>	<b>2.591.923</b>	<b>149.615</b>	<b>1.122.002</b>
Provision (-)	1.282.982	131.027	800.680
<b>Net Balance on Balance Sheet</b>	<b>1.308.941</b>	<b>18.588</b>	<b>321.322</b>
<b>Prior Period:</b>			
<b>Period Ending Balance</b>	<b>1.421.370</b>	<b>134.815</b>	<b>384.361</b>
Provision (-)	684.262	93.696	321.922
<b>Net Balance on Balance Sheet</b>	<b>737.108</b>	<b>41.119</b>	<b>62.439</b>

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**7. Information Related to Loans (Continued)**

**7.10.4. Breakdown of Non-Performing Loans According to Their Gross and Net Values**

	<b>Group III</b> <b>Loans and other receivables with limited collectability</b>	<b>Group IV</b> <b>Loans and other receivables with doubtful collectability</b>	<b>Group V</b> <b>Uncollectible loans and other receivables</b>
<b>Current Period (Net)</b>	<b>1.977.125</b>	<b>1.079.273</b>	<b>1.876.906</b>
Loans to Real Persons and Legal Entities (Gross)	3.628.643	2.206.727	14.214.115
Provisions (-)	1.651.518	1.127.454	12.337.209
Loans to Real Persons and Legal Entities (Net)	1.977.125	1.079.273	1.876.906
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	156.715
Provisions (-)	-	-	156.715
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>1.373.700</b>	<b>685.901</b>	<b>2.710.552</b>
Loans to Real Persons and Legal Entities (Gross)	2.608.435	1.341.890	12.582.423
Provisions (-)	1.234.735	655.989	9.871.871
Loans to Real Persons and Legal Entities (Net)	1.373.700	685.901	2.710.552
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	148.466
Provisions (-)	-	-	148.466
Other Loans and Receivables (Net)	-	-	-

**7.10.5. Information on Interest Accruals, Rediscount and Valuation Effect and Their Provisions Calculated for Non-Performing Loans Banks which Provide Expected Credit Loss According to TFRS 9**

	<b>Group III</b> <b>Loans and other receivables with limited collectability</b>	<b>Group IV</b> <b>Loans and other receivables with doubtful collectability</b>	<b>Group V</b> <b>Uncollectible loans and other receivables</b>
<b>Current Period (Net)</b>	<b>99.409</b>	<b>53.083</b>	<b>105.201</b>
Interest Accruals and Valuation Differences	179.747	215.297	824.897
Provisions (-)	80.338	162.214	719.696
<b>Prior Period (Net)</b>	<b>168.569</b>	<b>40.312</b>	<b>157.220</b>
Interest Accruals and Valuation Differences	257.319	128.081	570.510
Provisions (-)	88.750	87.769	413.290

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**7. Information Related to Loans (Continued)**

**7.11. Information on expected loss provisions set aside for loans**

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Balances at Beginning of the Period</b>	<b>2.888.030</b>	<b>6.223.597</b>	<b>11.911.061</b>	<b>21.022.688</b>
Additions during the Period	693.496	8.866.608	4.290.429	13.850.533
Disposals (-) <sup>(*)</sup>	(782.231)	(322.611)	(843.562)	(1.948.404)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	283.075	(56.898)	(226.177)	-
Transfer to Stage 2	(345.288)	534.630	(189.342)	-
Transfer to Stage 3	(76.974)	(253.513)	330.487	-
<b>Balances at End of Period</b>	<b>2.660.108</b>	<b>14.991.813</b>	<b>15.272.896</b>	<b>32.924.817</b>

<b>Prior Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Balances at Beginning of the Period</b>	<b>1.484.228</b>	<b>3.475.535</b>	<b>9.202.528</b>	<b>14.162.291</b>
Additions during the Period	1.966.662	5.732.986	3.948.567	11.648.215
Disposals (-) <sup>(*)</sup>	(543.249)	(3.031.323)	(1.112.201)	(4.686.773)
Sales (-)	-	-	(101.045)	(101.045)
Write-offs (-)	-	-	-	-
Transfer to Stage 1	157.552	(102.528)	(55.024)	-
Transfer to Stage 2	(159.634)	250.417	(90.783)	-
Transfer to Stage 3	(17.529)	(101.490)	119.019	-
<b>Balances at End of Period</b>	<b>2.888.030</b>	<b>6.223.597</b>	<b>11.911.061</b>	<b>21.022.688</b>

<sup>(\*)</sup> It includes the provision cancellation of the loan amounting to USD 1.155 million collected while monitoring in the second phase. The amount related to the part of the said provision allocated in previous years has been accounted under the "Other Operating Income" item, and the amount related to the part allocated in the current year has been accounted under the "Provisions for Expected Loss" item.

**7.12. Information on Liquidating Policy of Uncollectible Loans and Other Receivables**

Execution proceedings are carried out for the collection of receivables from loan services of the Parent Bank's. During this process, tangible guarantees constituting guarantees of receivables of the Parent Bank and assets of the debtor(s) are realized while receivables of the Parent Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

**7.13. Explanations on Write-Off Policy**

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

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**8. Information on Financial Assets Measured at Amortized Cost**

**8.1. Information on Comparative Net Values of Financial Assets Measured at Amortized Cost  
Subject to Repo Transactions and Given as a Collateral/Blocked**

*Financial Assets Measured at Amortized Cost subject to repo transactions*

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	1.390.806	3.209.928	3.315.575	1.802.748
Treasury Bills	-	-	-	-
Other Government Debts	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>1.390.806</b>	<b>3.209.928</b>	<b>3.315.575</b>	<b>1.802.748</b>

*Financial Assets Measured at Amortized Cost given as collateral or blocked*

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	607.105	25.626.356	8.723.020	14.875.540
Other	-	332.803	-	-
<b>Total</b>	<b>607.105</b>	<b>25.959.159</b>	<b>8.723.020</b>	<b>14.875.540</b>

**8.2. Information on Government Debt Securities at Amortized Cost**

	Current Period	Prior Period
Government Debt	45.620.065	29.577.973
Treasury Bills	87.599	22.087
Other Public Sector Debt Securities	290.413	874.661
<b>Total</b>	<b>45.998.077</b>	<b>30.474.721</b>

**8.3. Information on Investments Valued at Amortized Cost**

	Current Period	Prior Period
Debt Securities	46.339.321	30.620.661
Quoted at Stock Exchange	44.293.342	29.571.518
Unquoted at Stock Exchange	2.045.979	1.049.143
Impairment (-)	296	180
<b>Total</b>	<b>46.339.025</b>	<b>30.620.481</b>

**8.4. The Movement of Financial Assets at Amortized Costs**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>30.620.481</b>	<b>18.171.615</b>
Foreign Currency Differences on Monetary Assets	11.313.351	4.245.424
Purchases During the Year <sup>(1)</sup>	7.195.320	9.056.733
Disposals through Sales and Redemptions	(2.789.831)	(853.111)
Impairment Provision (-)	296	180
<b>Balance at the End of the Period</b>	<b>46.339.025</b>	<b>30.620.481</b>

<sup>(1)</sup> Accruals are shown in “Purchases During the Year”.

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**9. Information on Associates Accounts (Net)**

**9.1. Information on the Parent Bank's Consolidated Associates**

	Title	Address (City/ Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Platform Ortak Kartlı Sistemler A.Ş.	Istanbul/Turkey	20,00	20,00
2	Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	Istanbul/Turkey	33,34	33,34

(\*) Keskinoğlu Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş. within the scope of the BRSA's Uniform Chart of Accounts amendments, it has been classified under the fixed assets held for sale in the current period.

	Total Assets (2)	Shareholders' Equity (2)	Total Non- Current Assets (2)(3)	Interest Income (2)	Income from Marketable Securities (2)	Current Period Profit / Loss (2)	Prior Period Profit / Loss (2)	Fair Value (1)
1	5.711	5.682	38	-	-	918	(464)	-
2	203.358	151.976	104.098	15.830	-	(1.953)	3.675	-

(1) There is no fair value due to the fact that associates are not traded in the stock exchange.

(2) Current period financial information has been provided from unaudited financial statements as of 31 December 2021. Prior period profit/loss information has been provided from independently audited financial statements as of 31 December 2020.

(3) Total noncurrent assets include tangible and intangible assets.

**9.2. Information on Consolidated Associates**

	Title	Address (City/ Country)	The Parent Bank's Share Percentage-if different Voting Percentage (%)	The Parent Bank's Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	Istanbul/ Turkey	15,43	15,43

	Total Assets (2)	Shareholders' Equity (2)	Total Non- Current Assets (2)	Interest Income (2)	Income from Marketable Securities (2)	Current Period Profit / Loss (2)	Prior Period Profit / Loss (2)	Fair Value (1)
1	9.706.492	1.334.796	211.401	242.059	147.409	160.336	96.575	-

(1) There is no fair value of Arap Türk Bankası A.Ş. due to the fact that associates are not traded in the stock exchange

(2) Current period information of Arap Türk Bankası A.Ş. has been provided from unaudited financial statements as of 31 December 2021. Prior period profit/loss information of associates has been provided from independently audited financial statements as of 31 December 2020.

**9.3. Information on Financial Associates**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>177.879</b>	<b>162.465</b>
<b>Movement During the Period</b>	<b>28.080</b>	<b>15.414</b>
Additions	-	-
Bonus Share Certificates	-	-
Dividends from Current Year Income	24.740	14.902
Transfer (-)	-	-
Sales	-	-
Revaluation Increase	3.340	512
Revaluation/Impairment	-	-
<b>Balance at the End of the Period</b>	<b>205.959</b>	<b>177.879</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**9. Information on Associates Accounts (Net) (Continued)**

**9.4. Sectoral Information on Financial Associates and the Related Carrying Amounts**

	<b>Current Period</b>	<b>Prior Period</b>
Banks	205.959	177.879
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

**9.5. Subsidiaries Quoted to the Stock Exchange**

None (31 December 2020: None).

**10. Information on Subsidiaries (Net)**

**10.1. Information on the Parent Bank’s Consolidated Subsidiaries**

	<b>Description</b>	<b>Address (City/ Country)</b>	<b>The Parent Bank’s Share Percentage-if different Voting Percentage (%)</b>	<b>The Parent Bank’s Group Share Percentage (%)</b>
1	Ziraat Teknoloji A.Ş.	İstanbul / Turkey	100,00	100,00

<sup>(9)</sup> Rinerji Rize Elektrik Üretim A.Ş., which was previously a subsidiary within the scope of the BRSA's Uniform Chart of Accounts amendments, it has been classified under non-current assets held for sale in the current period.

	<b>Total Assets (2)</b>	<b>Shareholders , Equity (2)</b>	<b>Total Non- Current Assets (2)</b>	<b>Interest Income (2)</b>	<b>Income from Marketable Securities (2)</b>	<b>Current Period Profit / Loss (2)</b>	<b>Prior Period Profit / Loss (2)</b>	<b>Fair Value (1)</b>
1	99.580	19.798	5.942	1.409	50	1.961	2.954	51.826

<sup>(1)</sup> There is no fair value due to the fact that subsidiaries are not traded in the stock exchange.

<sup>(2)</sup> Current period financial information has been provided from unaudited financial statements as of 31 December 2021. Prior period profit/loss information has been provided from independently audited financial statements as of 31 December 2020.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**10. Information on Subsidiaries (Net) (Continued)**

**10.2. Information on Consolidated Subsidiaries**

	<b>Description</b>	<b>Address (City/ Country)</b>	<b>The Bank's Share Percentage-if different Voting Percentage (%)</b>	<b>The Bank's Risk Group Share Percentage (%)</b>
1	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul / Turkey	99,60	99,60
2	Ziraat Portföy Yönetimi A.Ş.	İstanbul / Turkey	74,90	99,80
3	Ziraat Katılım Bankası A.Ş.	İstanbul / Turkey	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul / Turkey	81,06	81,06
5	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul / Turkey	100,00	100,00
6	Ziraat Bank International A.G.	Frankfurt / Germany	100,00	100,00
7	Ziraat Bank BH d.d.	Sarajevo / Bosnia Herzegovina	100,00	100,00
8	Ziraat Bank (Moscow) JSC	Moscow / Russia	99,91	99,91
9	Kazakhstan Ziraat Int. Bank	Almaty / Kazakhstan	99,75	99,75
10	Ziraat Bank Azerbaycan ASC	Baku / Azerbaijan	99,98	100,00
11	Ziraat Bank Montenegro AD	Podgorica / Montenegro	100,00	100,00
12	JSC Ziraat Bank Georgia	Tbilisi / Georgia	100,00	100,00
13	Ziraat Bank Uzbekistan JSC	Tashkent / Uzbekistan	100,00	100,00

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Non- Current Assets</b>	<b>Interest Income</b>	<b>Income from Marketable Securities</b>	<b>Current Period Profit / Loss</b>	<b>Prior Period Profit /Loss</b>	<b>Fair Value</b>	<b>Shareholder's equity amount needed</b>
1	978.371	701.872	4.669	172.856	-	368.107	314.841	1.415.705	-
2	216.637	203.959	4.998	28.974	-	76.170	68.873	240.035	-
3	98.515.638	4.321.735	525.758	5.458.583	801.333	558.689	638.562	2.768.158	-
4	8.643.897	8.372.611	7.155.391	132.704	-	1.320.242	377.764	9.280.885	-
5	1.078.890	1.077.749	906	43.465	-	94.360	136.886	1.054.509	-
6	18.145.567	4.032.468	48.003	425.410	10.702	122.424	69.669	2.904.896	-
7	9.182.415	1.199.803	70.588	166.550	-	10.962	(231.512)	436.423	-
8	3.538.446	684.987	29.329	86.899	605	53.365	37.340	674.735	-
9	3.977.734	1.073.311	334.721	172.913	-	56.483	53.165	824.418	-
10	2.975.539	607.298	184.000	116.055	10.026	37.582	4.501	414.271	-
11	930.761	205.327	13.565	24.642	2.543	(30.082)	2.198	112.034	-
12	645.240	252.518	25.788	21.567	2.282	7.311	3.204	216.604	-
13	1.914.524	431.912	28.145	88.769	7.559	38.731	34.448	215.812	-

(1) The amounts shown in the interest income column of Ziraat Katılım Bankası A.Ş. include profit share income.

(2) Current period financial statement information, Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş. and Ziraat Katılım Bankası A.Ş.'s independently audited financial statements dated December 31, 2021, and the unaudited financial statements of other subsidiaries, profit/loss figures for the previous period are taken from the independently audited financial statements dated 31 December 2020

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**10. Information on Subsidiaries (Net) (Continued)**

**10.2. Information on Consolidated Subsidiaries (Continued)**

*(Reflects the values of the Parent Bank)*

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the Beginning of the Period</b>	<b>13.901.878</b>	<b>7.335.025</b>
<b>Movements During the Period</b>	<b>6.656.609</b>	<b>6.566.853</b>
Additions to Scope of Consolidation	-	-
Purchases <sup>(1)</sup>	767.894	2.499.959
Bonus Shares Obtained	99.967	-
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase <sup>(2)</sup>	7.476.690	4.738.323
Impairment Provision (-)	1.687.942	671.429
Transfer (-)	-	-
<b>Balance at the End of the Period</b>	<b>20.558.487</b>	<b>13.901.878</b>
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

(1) The paid capital increases during the period are shown in the “Purchases” line. The amount of TL 463.531 in the current period is the share repurchase price paid by the Bank within the scope of the repurchase commitment regarding the public offering of Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş..

(2) Includes changes arising from conversion of subsidiaries, whose capitals are paid in Euro amounts, into TL at period end currency rate

(3) Non-financial subsidiaries are not included in the table.

**10.3. Sectoral Information on Financial Subsidiaries and the Related Carrying Amounts**

*(Reflects the values of the Parent Bank)*

	<b>Current Period</b>	<b>Prior Period</b>
Banks	8.567.353	6.558.371
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	11.991.134	7.343.507

**10.4. Subsidiaries Quoted to the Stock Exchange**

	<b>Current Period</b>	<b>Prior Period</b>
Quoted at domestic stock exchanges <sup>(1)</sup>	9.280.885	-
Quoted at international stock exchanges	-	-

(1) The shares of Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş., a subsidiary of the Bank, were offered to the public and started to be traded on Borsa İstanbul AŞ as of May 6, 2021

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**11. Information on the Parent Bank's Entities under Common Control (Joint Ventures)**

Entities under Common Control (Joint Ventures) <sup>(1)</sup>	Parent Bank's Share (%)	Group Share (%)	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	9.755.646	40.364	13.523	399.554	175.463

<sup>(1)</sup> Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2021.

**12. Information on Lease Receivables**

Information on receivables from leasing transactions is shown in the table below;

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	449.965	431.939	101.563	97.448
1-5 Years	8.194.720	7.153.214	4.664.859	4.133.051
More than 5 Years	2.363.504	1.981.453	1.166.870	915.678
<b>Total</b>	<b>11.008.189</b>	<b>9.566.606</b>	<b>5.933.292</b>	<b>5.146.177</b>

**13. Information on the Hedging Derivative Financial Assets**

The Group has no hedging derivative financial assets.

**14. Information on the Investment Property**

The Group's investment properties are TL 1.268.500 (31 December 2020: TL 477.790).

**15. Information on non-currents assets or disposal groups "held for sale" and "from discontinued operations"**

The Group does not have any discontinued operations. The assets held for sale are composed of immovables acquired due to consumer, commercial and agricultural loans and immovables for which has no necessity of usage exists by the Group. Those immovables considered for sales are announced at the web site of the Group.

Keskinoğlu Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş., which was included in subsidiaries and Rinerji Rize Elektrik Üretim A.Ş which was included in affiliates, are classified under non-current assets held for sale as partnership interests acquired due to receivables in the current period within the scope of BRSA's Uniform Chart of Accounts amendments. The total of the partnership shares acquired by the Bank due to the aforementioned receivables is TL 181.483. (31 December 2020: None). The Bank's immovables acquired amount to TL 5.243.721 (31 December 2020: TL 5.334.912) consisting of TL 7.334 (31 December 2020: TL 8.689) due to consumer loans, TL 5.114.751 (31 December 2020: TL 5.203.416) on its commercial loans and TL 121.636 (31 December 2020: TL 122.567) on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 25.083 (31 December 2020: TL 1.207). The net book value of the Bank's fixed assets held for sale acquired through fiduciary rights is TL 1.798.324 (31 December 2020: TL 1.602.442).

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**16. Information on Tangible Assets**

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Leasing Development Costs	Other Tangibles	Total
<b>Prior Period End</b>							
Cost	10.823.747	1.035.150	1.663.895	240.018	332.258	-	14.095.068
Accumulated Depreciation (-)	874.064	191.392	1.138.675	96.935	287.401	-	2.588.467
Impairment (-)	2.153	-	618	-	-	-	2.771
<b>Net Book Value</b>	<b>9.947.530</b>	<b>843.758</b>	<b>524.602</b>	<b>143.083</b>	<b>44.857</b>	<b>-</b>	<b>11.503.830</b>
<b>Current Period End</b>							
Net Book Value at the Beginning of the Period	9.947.530	843.758	524.602	143.083	44.857	-	11.503.830
Change During the Period (Net)	1.509.997	46.190	212.745	(37.526)	22.316	-	1.753.722
- Cost	1.557.392	116.904	467.935	22.380	47.162	-	2.211.773
- Depreciation (Net) (-)	47.225	70.714	255.190	59.906	24.846	-	457.881
- Impairment (-)	170	-	-	-	-	-	170
Net Currency Translation from Foreign Subsidiaries	186.999	20.655	25.650	254	9.005	-	242.563
Cost at Period End	12.568.138	1.172.709	2.157.480	262.652	388.425	-	16.549.404
Accumulated Depreciation at Period End (-)	921.289	262.106	1.393.865	156.841	312.247	-	3.046.348
Impairment (-)	2.323	-	618	-	-	-	2.941
<b>Closing Net Book Value</b>	<b>11.644.526</b>	<b>910.603</b>	<b>762.997</b>	<b>105.811</b>	<b>76.178</b>	<b>-</b>	<b>13.500.115</b>

**17. 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.

**18. Pledges, mortgages and other restrictions on the tangible assets, expenses arising from the construction for tangible assets, commitments given for the purchases of tangible assets**

None.

**19. Explanations on Intangible Assets**

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Establishment Costs	13.143	10.351	2.792	9.173	7.100	2.073
Goodwill	-	-	-	-	-	-
Intangible Rights	2.503.778	829.437	1.674.341	1.803.278	591.218	1.212.060
<b>Total</b>	<b>2.516.921</b>	<b>839.788</b>	<b>1.677.133</b>	<b>1.812.451</b>	<b>598.318</b>	<b>1.214.133</b>

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**19. Explanations on Intangible Assets (Continued)**

**Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements:**

None.

**Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:**

None.

**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.

**The book value of intangible fixed assets that are pledged or restricted for use:**

None.

**Amount of purchase commitments for intangible fixed assets:**

None.

**Information on revalued intangible assets according to their types:**

None.

**Amount of total research and development expenses recorded in income statement within the period if any:**

None.

**Positive or negative consolidation goodwill on entity basis:**

Not applicable for the consolidated financial statements.

**Information on Goodwill:**

None.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**20. Information on Deferred Tax Asset**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit in accordance with the Turkish Accounting Standards (TAS 12) “Income Taxes”. In the computation of deferred tax, effective tax rates as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Calculated deferred tax assets and deferred tax liabilities are net off in the consolidated associates individual financial statements.

Information on calculated deferred tax including deductible temporary differences, financial losses, tax deductibles and tax exemptions is shown below;

	<b>Current Period</b>	<b>Prior Period</b>
Deferred Tax Assets	9.209.978	3.590.528
Deferred Tax Liabilities	(6.240.296)	(2.735.544)
Net Deferred Tax Assets/(Liabilities)	2.969.682	854.984
Net Deferred Tax Income /(Expense)	403.946	205.147

	<b>Current Period</b>	<b>Prior Period</b>
<b>Deferred Tax Asset</b>	<b>9.209.978</b>	<b>3.590.528</b>
Expected Loss Provisions	3.854.978	1.982.864
Reserve for Employee Benefits	368.858	313.811
Marketable Securities Portfolio	2.673.355	18.720
Other	2.312.787	1.275.133
<b>Deferred Tax Liabilities</b>	<b>6.240.296</b>	<b>2.735.544</b>
Financial Assets Valuation Differences	5.523.521	1.912.767
Real Estate Valuation Difference	499.970	509.930
Other	216.805	312.847
<b>Net Deferred Tax Asset</b>	<b>2.969.682</b>	<b>854.984</b>

As of 31 December 2021, deferred tax income amounting to TL 403.946 was classified on profit or loss table and deferred tax income amounting TL 1.615.483 was classified under shareholders’ equity. (As of 31 December 2020, deferred tax income amounting to TL 205.147 was classified on profit or loss table and deferred tax income amounting TL 225.511 was classified under shareholders’ equity).

**21. Information on expected loss provisions for financial assets**

	<b>Current Period</b>	<b>Prior Period</b>
Cash and Balances at Central Bank	8.729	6.322
Banks and Receivables from Money Markets	12.532	6.855
Financial Assets Measured at Amortized Cost	10.134	5.335
Other assets	60.574	74.615
<b>Total</b>	<b>91.969</b>	<b>93.127</b>

**22. Information on Other Assets**

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

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES**

**1. Information on Deposits/Funds Collected**

**1.1 Information on Maturity Structure of Deposits**

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits <sup>(*)</sup>	70.203.865	-	13.030.976	112.837.748	24.125.159	2.977.746	7.890.123	181.935	231.247.552
Foreign Currency Deposits	190.377.004	-	49.794.596	170.108.911	26.535.508	18.382.592	68.957.900	15.469	524.171.980
Residents in Turkey	157.004.194	-	48.397.670	148.443.080	17.906.947	8.254.009	32.105.695	13.806	412.125.401
Residents Abroad	33.372.810	-	1.396.926	21.665.831	8.628.561	10.128.583	36.852.205	1.663	112.046.579
Public Sector Deposits	14.149.540	-	9.547.190	8.721.258	912.677	501.108	12.929	-	33.844.702
Commercial Inst. Deposits	29.300.264	-	33.098.860	32.960.078	1.363.882	2.729.921	4.532.757	-	103.985.762
Other Institutions Deposits	3.818.724	-	8.104.480	12.507.489	1.509.098	770.022	536.828	-	27.246.641
Precious Metals Deposit	56.314.128	-	1.279.645	11.840.063	781.965	508.828	496.696	-	71.221.325
Interbank Deposits	6.995.086	-	28.867.166	6.149.726	92.113	9.753.095	8.285.553	-	60.142.739
The CBRT	364.127	-	-	-	-	-	-	-	364.127
Domestic Banks	343.628	-	28.744.473	833.275	-	971	2.663.800	-	32.586.147
Foreign Banks	6.195.958	-	122.693	5.316.451	92.113	9.752.124	5.621.753	-	27.101.092
Participation Banks	91.373	-	-	-	-	-	-	-	91.373
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>371.158.611</b>	<b>-</b>	<b>143.722.913</b>	<b>355.125.273</b>	<b>55.320.402</b>	<b>35.623.312</b>	<b>90.712.786</b>	<b>197.404</b>	<b>1.051.860.701</b>

<sup>(\*)</sup> As of 31 December 2021, the balance of savings deposits includes TL 13.970.133 Treasury Currency Protected Deposits and TL 2.804.414 CBRT Currency Protected Deposits.

Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	48.014.520	-	7.562.276	91.260.511	20.510.140	2.843.804	5.568.085	209.210	175.968.546
Foreign Currency Deposits	90.996.954	-	23.352.900	103.448.833	17.035.980	13.237.413	40.367.364	10.170	288.449.614
Residents in Turkey	75.717.042	-	22.370.527	90.250.701	10.546.198	5.530.704	14.516.185	8.374	218.939.731
Residents Abroad	15.279.912	-	982.373	13.198.132	6.489.782	7.706.709	25.851.179	1.796	69.509.883
Public Sector Deposits	9.785.775	-	18.323.885	11.465.709	689.739	203.345	74.892	-	40.543.345
Commercial Inst. Deposits	17.896.366	-	22.287.509	32.520.742	548.261	3.587.070	2.241.276	-	79.081.224
Other Institutions Deposits	3.488.854	-	2.866.572	16.121.648	791.308	562.211	460.252	-	24.290.845
Precious Metals Deposit	37.776.374	-	726.639	7.339.550	539.658	369.773	304.493	-	47.056.487
Interbank Deposits	6.096.456	-	19.987.356	5.698.564	2.232.920	3.545.368	1.887.515	-	39.448.179
The CBRT	2.224	-	-	-	-	-	-	-	2.224
Domestic Banks	495.511	-	18.589.118	51.984	-	622	1.801.705	-	20.938.940
Foreign Banks	5.492.499	-	1.398.238	5.646.580	2.232.920	3.544.746	85.810	-	18.400.793
Participation Banks	106.222	-	-	-	-	-	-	-	106.222
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>214.055.299</b>	<b>-</b>	<b>95.107.137</b>	<b>267.855.557</b>	<b>42.348.006</b>	<b>24.348.984</b>	<b>50.903.877</b>	<b>219.380</b>	<b>694.838.240</b>

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**1. Information on Deposits/Funds Collected (Continued)**

**1.2. Information on Saving Deposits Under the Guarantee of the Saving Deposit Insurance Fund and Amounts Exceeding the Limit of the Deposit Insurance Fund**

	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
<b>Saving Deposits</b>				
Saving Deposits (1)	140.238.589	114.341.657	89.913.174	60.801.597
Foreign Currency Saving Deposits (1)	123.294.124	93.780.765	275.115.788	136.623.674
Other Deposits in the form of Saving Deposits Foreign Branches and under the Guarantees of Foreign Authority Insurance(2)	3.353.517	2.089.213	1.629.055	638.133
Off-Shore Banking Regions’ and under Foreign Authorities’ Insurance	-	-	-	-

(1) Related deposit balances do not include foreign branches.

(2) In Bulgaria and Greece, since both real person and legal entity’s saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 1.208.852 and TL 34.311 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2020: TL 562.575 and TL 30.001).

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL 479 (31 December 2020: TL 536) of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş..

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the Banks. As total of capital amount and interest expense accruals of saving deposits up to TL 150 attributable to a real person is covered by the insurance, TL 2.114.087 (31 December 2020: TL 1.508.273) of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

**1.3. Information on Saving Deposits/Real Persons’ Private Current and Accession Accounts Not Related to Commercial Transactions in a Turkish Branch of the Bank Whose Head Office is Abroad, And Reasons if it is Covered in Where the Head Office is Located**

The Parent Bank’s head office is located in Turkey.

**1.4. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund**

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	12.236	5.865
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members	30.687	33.185
Deposits Obtained through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**2. Negative Differences Statement Regarding Trading Derivative Financial Assets**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	798.079	6.271	46.748	549
Swap Transactions	475.473	2.350.376	1.417.814	2.021.850
Futures Transactions	-	-	-	-
Options	-	71.878	-	-
Other	-	-	-	-
<b>Total</b>	<b>1.273.552</b>	<b>2.428.525</b>	<b>1.464.562</b>	<b>2.022.399</b>

**3. Information on Banks and Other Financial Institutions**

**3.1. General Information on Banks and Other Financial Institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	490.338	10.174.565	1.165.521	5.113.189
Foreign Banks, Institutions and Funds	10.568	50.265.360	228.249	30.661.592
<b>Total</b>	<b>500.906</b>	<b>60.439.925</b>	<b>1.393.770</b>	<b>35.774.781</b>

**3.2. Information on Maturity Structure of Borrowings**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	488.941	4.160.282	1.164.557	2.939.194
Medium and Long-Term	11.965	56.279.643	229.213	32.835.587
<b>Total</b>	<b>500.906</b>	<b>60.439.925</b>	<b>1.393.770</b>	<b>35.774.781</b>

**3.3. Further Information is Disclosed for the Areas of Group's Liability Concentrations, Main Liability Concentration Areas Fund Supplier Customers, Sector Groups or other Risk Concentration Criteria**

70,43% of the Group's total liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Group's liabilities are not subject to a significant concentration risk.

**4. Information on Money Market Borrowings**

	Short-Term		Short-Term	
	TL	FC	TL	FC
<b>From Domestic Transactions</b>	<b>143.430.704</b>	<b>-</b>	<b>94.932.803</b>	<b>-</b>
Financial Institutions and Organizations	143.258.075	-	93.973.463	-
Other Institutions and Organizations	158.819	-	950.313	-
Real Person	13.810	-	9.027	-
<b>From Overseas Operations</b>	<b>-</b>	<b>37.053.037</b>	<b>-</b>	<b>23.569.739</b>
Financial Institutions and Organizations	-	37.053.037	-	23.569.739
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
<b>Total</b>	<b>143.430.704</b>	<b>37.053.037</b>	<b>94.932.803</b>	<b>23.569.739</b>

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**5. Information on Securities Issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	-	97.988	-	-
Asset-Backed Securities	4.156.876	-	4.017.250	-
Treasury Bonds	1.000.982	25.053.734	1.010.353	13.346.012
<b>Total</b>	<b>5.157.858</b>	<b>25.151.722</b>	<b>5.027.603</b>	<b>13.346.012</b>

**6. If Other Liabilities Exceed 10% of the Balance Sheet Total, Name and Amount of Sub-Accounts Constituting at Least 20% of These Liabilities**

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

**7. Information on Lease Liabilities (Net)**

Information on lease liabilities represented in the table below

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	88.525	49.499	110.268	61.690
Between 1-4 Years	487.584	415.605	736.107	413.059
More than 4 Years	1.088.930	597.423	816.332	526.614
<b>Total</b>	<b>1.665.039</b>	<b>1.062.527</b>	<b>1.662.707</b>	<b>1.001.363</b>

**8. Information on the hedging derivative financial liabilities**

There are no hedging derivative financial liabilities.

**9. Information on Provisions**

**9.1 Provisions Related with Principal Foreign Currency Decrease of Foreign Indexed Loans and Finance Leasing Receivables**

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

**9.2. Liabilities on Employee Benefits Provision**

**9.2.1. Termination benefit and Unused Vacation Rights**

The Group accounts for its vacation and termination benefit obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2021, unpaid vacation liability amounted to TL 384.562 and employment termination amounted to TL 1.393.410 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2020: unpaid vacation liability amounted to TL 290.280, and employment termination amounted to TL 1.256.959 are presented under the “Employee Benefits Provision” in the financial statements).

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**9. Information on Provisions (Continued)**

**9.2.2. Pension Rights**

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9,80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2021 and 31 December 2020.

The liability related to Parent Bank’s benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act’s, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9,80% real discount rate, etc.).

According to related Actuary Report, the Fund’s surplus is TL 10.235.620 as of 31 December 2021 (31 December 2020: TL 7.663.184).

	<b>Current Period</b>	<b>Prior Period</b>
Non-Medical Assets	6.297.140	4.310.644
Actual and Technical Overrun	10.235.620	7.663.184

The principal actuarial assumptions used are as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Discount rate		
- Pension benefits transferable to SSI	%9,80	%9,80
- Post employment medical benefits transferable to SSI	%9,80	%9,80

The CSO 1980 Female / Male mortality table is used to represent the expected mortality rates before and after retirement.

The distribution of fund assets is as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Bank placements	358.942	87.668
Property and equipment	495.566	381.205
Marketable securities	5.417.571	3.831.575
Other	25.061	10.196
<b>Total</b>	<b>6.297.140</b>	<b>4.310.644</b>

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**9. Information on Provisions (Continued)**

**9.3. Information on Other Provisions**

Except for the requirements of BRSA Accounting and Financial Reporting Legislation, free provision amounting to TL 3.730.000 has been made by the Group management, of which TL 3.505.000 has been reserved in previous periods, TL 250.000 has been reserved in the current period and TL 25.000 has been canceled in the current period. In addition, there is a provision amounting to TL 68.300 and other provisions amounting to TL 157 for the money groups made by civil servants. Expected loss provisions for non-cash loans are TL 3.401.185 (31 December 2020: Except for the requirements of BRSA Accounting and Financial Reporting Legislation, a free provision of TL 3.505.000 has been set aside by the Group management, of which TL 910.000 has been reserved in previous periods, TL 2.630.000 has been reserved in the current period and TL 35.000 has been canceled in the current period. In addition, there is a provision amounting to TL 40.750 and other provisions amounting to TL 157 for money groups made by civil servants. Expected loss provisions for non-cash loans are TL 1.927.597).

Regarding the Group’s lawsuit files, a total amount of TL 147.924 provision has been provided in financial statements for the lawsuits against the Group which are not finalized yet. (31 December 2020: TL 92.766)

**10. Explanations on Tax Liability**

**10.1. Explanations on Current Tax Liability**

**10.1.1. Information on Taxes Payable**

As of 31 December 2021, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 397.162 (As of 31 December 2020, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 978.761).

**10.1.2. Information on Current Taxes Payable**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	397.162	978.761
Taxation on Income From Securities	436.229	286.356
Property Tax	4.191	1.862
Banking Insurance Transaction Tax (BITT)	463.810	261.298
Foreign Exchange Transaction Tax	119.822	20.902
Value Added Tax Payable	63.871	21.524
Other	133.007	157.295
<b>Total</b>	<b>1.618.092</b>	<b>1.727.998</b>

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**10. Explanations on Tax Liability (Continued)**

**10.1.3. Information on Premium Payables**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums – Employee	83	63
Social Security Premiums – Employer	98	93
Bank Social Aid Pension Fund Premium - Employee	22.904	17.743
Bank Social Aid Pension Fund Premium - Employer	33.563	26.008
Pension Fund Membership Fees and Provisions - Employee	4	2
Pension Fund Membership Fees and Provisions - Employer	15	4
Unemployment Insurance – Employee	1.807	1.384
Unemployment Insurance - Employer	3.615	2.768
Other	-	-
<b>Total</b>	<b>62.089</b>	<b>48.065</b>

**10.2. Information on Deferred Tax Liabilities if Any**

The Group has TL 21.837 deferred tax liability (31 December 2020: TL 7.128).

**11. Information on liabilities related to non-current assets “held for sale” and “held from discontinued operations**

The Group does not have any liabilities related to non-current assets held for sale and held from discontinued operations (31 December 2020: None).

**12. Information on Subordinated Loan**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Debt instruments to be included in additional capital calculation	-	22.741.964	-	13.816.234
Subordinated loans	-	1.314.363	-	768.037
Subordinated debt instruments	-	21.427.601	-	13.048.197
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>22.741.964</b>	<b>-</b>	<b>13.816.234</b>

(\*) Subordinated loans are explained in detail in the Note “information about debt instruments included in total capital calculation” in Section Four.

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**13. Information on Shareholders’ Equity**

**13.1. Presentation of Paid-In Capital**

	<b>Current Period</b>	<b>Prior Period</b>
Common stock	13.100.000	13.100.000
Preferred stock	-	-

**13.2. Amount of Paid-In-Capital, Explanations as to Whether the Registered Share Capital System is Applied, if so the Amount of Registered Share Capital Ceiling**

The Parent Bank does not have a registered capital system.

**13.3. Capital Increases and Sources in The Current Period and Other Information Based on Increased Capital Shares**

There are no capital increases in the current period.

**13.4. Other Information on Capital Increases and Increased Share Capital with Reserves within the Current Period**

There is no share capital amount included in capital.

**13.5. Information on Capital Commitments, the Purpose and the Sources Until the End of the Fiscal Year and the Subsequent Interim Period**

The Parent Bank has no capital commitments.

**13.6. Effects on the Group’s Equity of The Anticipation Based on the Financial Figures For Prior Periods Regarding the Group’s Income, Profitability and Liquidity, and Uncertainties at These Indicators**

In the current period, The Parent Bank follows its operations in line with the previous periods. The Parent Bank’s balance sheet has been managed with precaution by being affected by the interest, rate of exchange and credit risks at the minimum level. This helps to reduce the effects of fluctuations in the market to The Parent Bank’s performance and contributes to the profitability structure to be sustainable.

**13.7. Summary Information on Privileges Given to Shares Representing the Capital**

The Parent Bank has no preferred shares.

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**13. Information on Shareholders’ Equity (Continued)**

**13.8. Information on Marketable Securities Value Increase Fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities under Common Control (Joint Ventures)	41.654	(25.912)	356.498	(24.632)
Valuation Difference	9.691.095	(9.023.318)	3.563.047	956.442
Foreign Exchange Differences	4.167.614	3.271	2.262.057	187
<b>Total</b>	<b>13.900.363</b>	<b>(9.045.959)</b>	<b>6.181.602</b>	<b>931.997</b>

**III. EXPLANATIONS AND NOTES TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS**

**1. Explanations on Off-Balance Sheet Commitments**

**1.1. Nature and Amount of Irrevocable Loan Commitments**

	Current Period	Prior Period
Asset Purchase Commitments	24.817.588	14.252.453
Subsidiaries and Associates Capital Contribution Commitments	3.150	3.150
Loan Granting Commitments	22.929.479	14.730.515
Commitments for Cheques Payments	7.058.166	5.098.875
Commitments for Credit Card Expenditure Limits	61.914.689	44.677.624
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	102.027	68.632
Tax and Fund Liabilities from Export Commitments	22.637	16.428
Other Irrevocable Commitments	23.435.761	21.014.255
<b>Total</b>	<b>140.283.497</b>	<b>99.861.932</b>

**1.2. Nature and Amount of Possible Losses and Commitments Arising from the Off-Balance Sheet Items Including the Below Mentioned**

The Group has provided provision amounting to TL 3.401.185 for possible losses arising from the off-balance sheet items in the current period. (31 December 2020: TL 1.927.597).

**1.2.1. Non-Cash Loans Including Guarantees, Acceptances, Financial Guarantees and Other Letter of Credits**

	Current Period	Prior Period
Letters of Guarantee	206.713.656	124.706.662
Letters of Credit	65.176.324	24.663.278
Bank Acceptances	11.968.706	7.210.528
Endorsements	6.009.467	1.520.463
Other Guarantees	2.433.706	1.939.522
Other Collateral	3.345	13.550
<b>Total</b>	<b>292.305.204</b>	<b>160.054.003</b>

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**III. EXPLANATIONS AND NOTES TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS  
(Continued)**

**1. Explanations on Off-Balance Sheet Commitments (Continued)**

**1.2.2. Certain Guarantees, Temporary Guarantees, Surety Ships and Similar Transactions**

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Certain Guarantees	122.155.860	72.970.790
Letters of Advance Guarantees	32.445.562	19.941.194
Letters of Temporary Guarantees	5.056.575	4.240.556
Letters of Guarantees Given to Customs Offices	2.002.466	1.714.398
Other Letters of Guarantees	45.053.193	25.839.724
<b>Total</b>	<b>206.713.656</b>	<b>124.706.662</b>

**1.3. Explanations on Non - Cash Loans**

**1.3.1. Total Non-Cash Loans:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Non-Cash Loans for Providing Cash Loans</b>	<b>39.535.612</b>	<b>21.758.344</b>
With Original Maturity of One Year or Less	19.970.315	11.012.186
With Original Maturity of More than One Year	19.565.297	10.746.158
<b>Other Non-Cash Loans</b>	<b>252.769.592</b>	<b>138.295.659</b>
<b>Total</b>	<b>292.305.204</b>	<b>160.054.003</b>

**1.3.2. Information on Sectorial Risk Concentrations of Non-Cash Loans**

	<b>Current Period</b>			
	<b>TL</b>	<b>(%)</b>	<b>FC</b>	<b>(%)</b>
Agricultural	1.020.971	1,59	601.803	0,26
Farming and Raising Livestock	680.997	1,06	217.657	0,10
Forestry	303.563	0,47	7.432	0,00
Fishing	36.411	0,06	376.714	0,17
Manufacturing	15.298.998	23,79	109.560.770	48,05
Mining and Quarrying	524.150	0,82	1.491.607	0,65
Production	11.422.874	17,76	99.176.944	43,50
Electric, Gas and Water	3.351.974	5,21	8.892.219	3,90
Construction	19.487.980	30,30	60.838.959	26,68
Services	27.405.594	42,62	55.418.149	24,31
Wholesale and Retail Trade	13.245.513	20,60	18.883.926	8,28
Hotel, Food and Beverage Services	523.186	0,81	2.122.733	0,93
Transportation and Telecommunication	4.093.727	6,37	19.624.279	8,61
Financial Institutions	6.798.085	10,57	11.009.899	4,83
Real Estate and Leasing Services	2.283.832	3,55	2.736.219	1,20
Self-employment Services	88.008	0,14	34.855	0,02
Education Services	187.502	0,29	342.189	0,15
Health and Social Services	185.741	0,29	664.049	0,29
Other	1.095.458	1,70	1.576.522	0,69
<b>Total</b>	<b>64.309.001</b>	<b>100,00</b>	<b>227.996.203</b>	<b>100,00</b>

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**III. EXPLANATIONS AND NOTES TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS  
(Continued)**

**1. Explanations on Off-Balance Sheet Commitments (Continued)**

**1.3.2. Information on Sectorial Risk Concentrations of Non-Cash Loans (Continued)**

	Prior Period			
	TL	(%)	FC	(%)
Agricultural	507.654	1,01	438.330	0,40
Farming and Raising Livestock	321.356	0,64	196.998	0,18
Forestry	164.574	0,33	8.593	0,01
Fishing	21.724	0,04	232.739	0,21
Manufacturing	11.728.431	23,31	50.841.549	46,33
Mining and Quarrying	395.638	0,79	1.197.427	1,09
Production	7.787.279	15,48	44.059.268	40,15
Electric, Gas and Water	3.545.514	7,05	5.584.854	5,09
Construction	16.672.415	33,13	33.281.107	30,33
Services	20.867.045	41,47	23.955.254	21,83
Wholesale and Retail Trade	10.468.229	20,80	8.124.883	7,40
Hotel, Food and Beverage Services	459.514	0,91	1.247.769	1,14
Transportation and Telecommunication	2.645.879	5,26	5.943.787	5,42
Financial Institutions	5.039.936	10,02	6.382.920	5,82
Real Estate and Leasing Services	1.881.737	3,74	1.791.930	1,63
Self-employment Services	-	-	14.821	0,01
Education Services	180.068	0,36	236.028	0,22
Health and Social Services	191.682	0,38	213.116	0,19
Other	542.645	1,08	1.219.573	1,11
<b>Total</b>	<b>50.318.190</b>	<b>100,00</b>	<b>109.735.813</b>	<b>100,00</b>

**1.3.3. Information on the Non-Cash Loans Classified Under Group I and Group II**

Current Period	Group I		Group II	
	TL	FC	TL	FC
<b>Non-Cash Loans</b>	<b>62.500.519</b>	<b>220.967.595</b>	<b>1.659.219</b>	<b>5.955.346</b>
Letters of Guarantee	59.507.559	138.606.485	1.628.584	5.761.454
Bank Acceptances	211.032	11.757.674	-	-
Letters of Credit	855.944	64.150.354	1.325	156.850
Endorsements	1.911.984	4.030.031	29.310	37.042
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	14.000	2.423.051	-	-

Prior Period	Group I		Group II	
	TL	FC	TL	FC
<b>Non-Cash Loans</b>	<b>49.022.985</b>	<b>105.385.915</b>	<b>1.092.794</b>	<b>3.861.945</b>
Letters of Guarantee	47.696.629	71.558.193	1.092.794	3.670.382
Bank Acceptances	122.254	7.084.468	-	3.806
Letters of Credit	997.868	23.479.556	-	184.154
Endorsements	99.000	1.417.860	-	3.603
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	107.234	1.845.838	-	-

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**III. EXPLANATIONS AND NOTES TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS  
(Continued)**

**2. Explanations on Derivative Transactions**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Types of Trading Transactions</b>		
<b>Foreign Currency Related Derivative Transactions: (I)</b>		
Forward Transactions	413.857.974	309.272.806
Swap Transactions	13.699.022	5.018.987
Futures Transactions	390.162.522	302.953.741
Option Transactions	-	1.300.078
<b>Interest Related Derivative Transactions (II)</b>	9.996.430	-
Forward Interest Rate Agreements	84.644.944	54.425.306
Interest Rate Swaps	-	-
Interest Rate Options	84.644.944	54.425.306
Interest Rate Futures	-	-
<b>Other Trading Derivative Transactions: (III)</b>	-	-
<b>A.Total Trading Derivative Transactions (I+II+III)</b>	-	-
	<b>498.502.918</b>	<b>363.698.112</b>
<b>Types of Hedging Derivative Transactions</b>		
Fair Value Hedges		
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
<b>B. Total Hedging Purposes Derivative Transactions</b>	-	-
<b>Total Derivative Transactions (A+B)</b>	-	-
	<b>498.502.918</b>	<b>363.698.112</b>

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

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<b>Derivatives held for trading</b>						
Foreign exchange derivatives	6.651.055	673.046	(561.818)	-	1.267.129	8.029.412
- Inflow	142.062.199	39.670.855	25.369.297	1.558.870	2.282.472	210.943.693
- Outflow	(135.411.144)	(38.997.809)	(25.931.115)	(1.558.870)	(1.015.343)	(202.914.281)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	5.000	40.000	173.902	11.923.284	30.180.286	42.322.472
- Outflow	(5.000)	(40.000)	(173.902)	(11.923.284)	(30.180.286)	(42.322.472)
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Total Inflow</b>	<b>142.067.199</b>	<b>39.710.855</b>	<b>25.543.199</b>	<b>13.482.154</b>	<b>32.462.758</b>	<b>253.266.165</b>
<b>Total Outflow</b>	<b>(135.416.144)</b>	<b>(39.037.809)</b>	<b>(26.105.017)</b>	<b>(13.482.154)</b>	<b>(31.195.629)</b>	<b>(245.236.753)</b>

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(Continued)**

**2. Explanations on Derivative Transactions (Continued)**

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
<b>Derivatives held for trading</b>						
Foreign exchange derivatives	(928.501)	1.392.896	104.104	-	269.733	838.232
- Inflow	113.856.312	31.752.995	8.159.164	1.972	1.285.076	155.055.519
- Outflow	(114.784.813)	(30.360.099)	(8.055.060)	(1.972)	(1.015.343)	(154.217.287)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	180.000	180.000	230.000	1.329.506	25.293.147	27.212.653
- Outflow	(180.000)	(180.000)	(230.000)	(1.329.506)	(25.293.147)	(27.212.653)
<b>Derivatives held for hedging</b>	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Total Inflow</b>	<b>114.036.312</b>	<b>31.932.995</b>	<b>8.389.164</b>	<b>1.331.478</b>	<b>26.578.223</b>	<b>182.268.172</b>
<b>Total Outflow</b>	<b>(114.964.813)</b>	<b>(30.540.099)</b>	<b>(8.285.060)</b>	<b>(1.331.478)</b>	<b>(26.308.490)</b>	<b>(181.429.940)</b>

**3. Explanations on Contingent Assets and Liabilities**

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

The Group’s liability resulting from the cheques given to its customers amounts TL 7.058.166 (31 December 2020: TL 5.098.875).

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

**4. Explanations on Services in the Name of Others**

The Group acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Bank does not provide consultancy and management services.

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS  
STATEMENT**

**1. Interest Income**

**1.1. Information on Interest Income from Loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest on Loans <sup>(1)</sup></b>	<b>65.545.749</b>	<b>12.873.632</b>	<b>47.263.559</b>	<b>8.846.442</b>
Short Term Loans	18.110.213	1.131.266	<b>9.595.908</b>	<b>794.095</b>
Medium- and Long-Term Loans	46.409.666	11.571.060	36.455.889	8.044.912
Interest on Loans Under Follow-Up	1.025.870	171.306	1.211.762	7.435
Premiums Received from the Resource Utilization Support Fund	-	-	-	-

<sup>(1)</sup> Includes fees and commissions income on cash loans.

**1.2. Information on interest income on banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	42.130	39.369	25.249	22.240
Foreign Banks	58.796	74.056	29.151	56.798
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>100.926</b>	<b>113.425</b>	<b>54.400</b>	<b>79.038</b>

**1.3. Information on interest income on marketable securities**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	340.826	21.891	179.595	1.520
Financial Assets at Fair Value Through Other Comprehensive Income	18.441.568	5.867.587	11.564.004	3.278.853
Financial Assets Measured at Amortized Cost	2.118.949	1.484.339	1.376.172	919.960
<b>Total</b>	<b>20.901.343</b>	<b>7.373.817</b>	<b>13.119.771</b>	<b>4.200.333</b>

**1.4. Information on interest income received from associates and subsidiaries**

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	153.583	118.872

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS  
STATEMENT (Continued)**

**2. Interest Expense**

**2.1. Information on Interest Expense on Borrowings**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks <sup>(1)</sup>	106.432	1.104.452	252.996	1.072.344
Central Bank of the Republic of Turkey	-	-	2.428	-
Domestic Banks	30.832	207.339	99.668	249.866
Foreign Banks	75.600	897.113	150.900	822.478
From Abroad Headquarters and Branches	-	-	-	-
Other Institutions	119.587	102.322	-	-
<b>Total</b>	<b>226.019</b>	<b>1.206.774</b>	<b>252.996</b>	<b>1.072.344</b>

(1) Includes fees and commissions expenses on cash loans.

**2.2. Information on Interest Expenses Given to Associates and Subsidiaries**

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	33.226	24.527

**2.3. Information on Interest Given on Securities Issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Securities Issued	779.662	1.948.153	671.377	1.251.732

**2.4. Maturity structure of the interest expense on deposits**

Account Name	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
<b>TL</b>								
Bank Deposit	-	4.142.850	59.482	-	-	-	-	4.202.332
Saving Deposit	-	1.765.114	7.209.606	3.712.528	414.016	1.143.333	13.679	24.258.276
Public Sector Deposit	617	1.168.189	1.170.581	97.723	55.120	9.291	-	2.501.521
Commercial Deposit	162	3.463.825	4.088.137	149.172	727.258	68.465	-	8.497.019
Other Deposit	-	386.959	1.801.246	161.337	102.571	49.431	-	2.501.544
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>779</b>	<b>0.926.937</b>	<b>4.329.052</b>	<b>4.120.760</b>	<b>1.298.965</b>	<b>1.270.520</b>	<b>13.679</b>	<b>41.960.692</b>
<b>FC</b>								
Foreign Currency Deposit	4.034	255.968	1.211.700	143.180	139.324	504.380	3	2.258.589
Bank Deposit	638	12.892	43.302	1.387	21.139	61.523	-	140.881
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	13.262	32.541	2.765	2.011	1.705	-	52.284
<b>Total</b>	<b>4.672</b>	<b>282.122</b>	<b>1.287.543</b>	<b>147.332</b>	<b>162.474</b>	<b>567.608</b>	<b>3</b>	<b>2.451.754</b>
<b>Grand Total</b>	<b>5.451</b>	<b>1.209.059</b>	<b>5.616.595</b>	<b>4.268.092</b>	<b>1.461.439</b>	<b>1.838.128</b>	<b>13.682</b>	<b>44.412.446</b>

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS  
STATEMENT (Continued)**

**2. Interest Expense (Continued)**

**2.4. Maturity structure of the interest expense on deposits (Continued)**

Prior Period	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	4	1.830.715	1.403	-	213	-	-	1.832.335
Saving Deposit	-	635.805	7.750.711	2.798.171	250.707	997.549	20.833	12.453.776
Public Sector Deposit	370	1.556.295	561.725	60.430	121.588	6.452	-	2.306.860
Commercial Deposit	107	1.741.470	2.267.735	58.790	471.424	91.849	-	4.631.375
Other Deposit	-	224.845	851.230	137.773	78.577	24.028	-	1.316.453
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>481</b>	<b>5.989.130</b>	<b>11.432.804</b>	<b>3.055.164</b>	<b>922.509</b>	<b>1.119.878</b>	<b>20.833</b>	<b>22.540.799</b>
FC								
Foreign Currency Deposit	1.983	154.788	999.474	83.870	103.831	382.225	7	1.726.178
Bank Deposit	11	36.116	20.897	6.753	8.865	7.859	-	80.501
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	4.709	17.692	1.824	1.796	1.467	-	27.488
<b>Total</b>	<b>1.994</b>	<b>195.613</b>	<b>1.038.063</b>	<b>92.447</b>	<b>114.492</b>	<b>391.551</b>	<b>7</b>	<b>1.834.167</b>
<b>Grand Total</b>	<b>2.475</b>	<b>6.184.743</b>	<b>12.470.867</b>	<b>3.147.611</b>	<b>1.037.001</b>	<b>1.511.429</b>	<b>20.840</b>	<b>24.374.966</b>

**3. Explanations on Dividend Income**

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	-	27
Financial Assets at Fair Value Through Other Comprehensive Income	29.810	6.727
Other <sup>(1)</sup>	4.916	560
<b>Total</b>	<b>34.726</b>	<b>7.314</b>

<sup>(1)</sup> Shows the Group’s dividend income from subsidiaries, associates and entities under common control.

**4. Information on Trading Profit/Loss (Net)**

	Current Period	Prior Period
<b>Profit</b>	<b>607.623.137</b>	<b>204.700.835</b>
Trading Gains on Securities	765.834	4.217.803
Gains on Derivative Financial Transactions	8.769.860	5.693.391
Foreign Exchange Gains	598.087.443	194.789.641
<b>Loss (-)</b>	<b>618.395.923</b>	<b>212.337.429</b>
Trading Losses on Securities	104.571	61.399
Losses on Derivative Financial Transactions	20.704.426	10.830.440
Foreign Exchange Losses	597.586.926	201.445.590

**5. Information on Other Operating Income**

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 3.873.173 and income from sales of assets amounting to TL 356.398 (31 December 2020: significant portion of other operating income consists of reversal from prior period provisions amounting to TL 4.602.348, and income from sales of assets amounting to TL 279.210).

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS  
STATEMENT (Continued)**

**6. Expected Credit Loss and Other Provision Expense**

	<b>Current Period</b>	<b>Prior Period</b>
Expected Credit Loss Provision	16.285.959	12.194.001
12 Month Expected Credit Loss (Stage 1)	462.160	1.690.665
Significant Increase in Credit Risk (Stage 2)	10.073.055	5.886.484
Non-Performing Loans (Stage 3)	5.750.744	4.616.852
Marketable Securities Impairment Provision	95	49
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	95	49
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other (*)	507.797	2.874.870
<b>Total</b>	<b>16.793.851</b>	<b>15.068.920</b>

(\*) Includes free provision expense amounting to TL 250.000 in the current period (31 December 2020: TL 2.010.000) (Note II.9.3 of Section Five).

**7. Information Related to Other Operating Expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Reserve for Employee Termination Benefits	402.526	285.243
Bank Social Aid Fund Deficit Provision	-	16
Impairment Expenses of Tangible Assets	250	-
Depreciation Expenses of Tangible Assets	614.952	518.860
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	179.301	156.251
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	5.101.119	4.169.018
Leasing Expenses on TFRS 16 Exceptions	90.730	82.699
Maintenance Expenses	252.155	158.628
Advertisement Expenses	339.839	279.065
Other Expenses	4.418.395	3.648.626
Loss on Sales of Assets	9.187	4.434
Other (1)	3.886.602	3.209.485
<b>Total</b>	<b>10.193.937</b>	<b>8.343.307</b>

(1) TL 1.841.342 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 1.300.320 consists of taxes, duties and charges expense (31 December 2020: TL 1.417.753 of other items consists of Saving Deposit Insurance Fund accrual expense, TL 1.017.684 consists of taxes, duties and charges expense)

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS  
STATEMENT (Continued)**

**8. Profit /(Loss) from Minority Interest**

	<b>Current Period</b>	<b>Prior Period</b>
Profit /(Loss) from Minority Interest	69.534	1.653

**9. Fees for Services Received from Independent Auditor / Independent Audit Firm**

The fee information 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 March 26, 2021 is given in the table below:

	<b>Current Period</b>	<b>Prior Period</b>
Independent Audit Fee	13.039	9.023
Tax Consultancy Fee	272	299
Other Assurance Services Fee	877	1.117
Other Non-Audit Services Fee	596	148
<b>Total</b>	<b>14.784</b>	<b>10.587</b>

(\*) The fee information is given over the amounts excluding VAT in the table.

**10. Information on Profit/Loss Before Tax from Continuing and Discontinuing Operations**

The Group's compositions of the profit/loss before tax from the continuing operations are following:

	<b>Current Period</b>	<b>Prior Period</b>
Net Interest Income	42.535.748	37.478.197
Net Fees and Commissions Income	6.269.616	3.584.405
Other Operating Income	5.594.561	5.919.245
Dividend Income	34.726	7.314
Trading Profit/Loss (Net)	(10.772.786)	(7.636.594)
Personnel Expenses (-)	5.803.803	4.852.164
Expected Credit Loss (-)	16.285.959	12.194.001
Other Provision Expenses (-)	507.892	2.874.919
Other Operating Expenses (-)	10.193.937	8.343.307
Profit/Loss from Investments in Subsidiaries Consolidated based on Equity Method	137.196	57.258
<b>Current Period Profit/Loss from Continued Operations</b>	<b>11.007.470</b>	<b>11.145.434</b>

The Group's compositions of the profit/loss before tax from the discontinued operations are following:

	<b>Current Period</b>	<b>Prior Period</b>
Income from Discontinued Operations	-	2.473.439
Expenses for Discontinued Operations (-)	-	535.466
<b>Profit/Loss Before Tax from Discontinued Operations</b>	<b>-</b>	<b>1.937.973</b>

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS  
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**11. Information on Tax Provision of Continued and Discontinued Operations**

As of 31 December 2021, TL 3.018.958 of the Group's total tax provision expense consists of TL 3.422.904 of current tax expense and TL 403.946 of deferred tax income (As of 31 December 2020, TL 3.348.927 of the Group's total tax provision expense consists of amounting to TL 3.554.074 current tax expense while remaining balances amounting to TL 205.147 consists of deferred tax income).

As of 31 December 2021, the Group has no discontinued operations. (As of 31 December 2020, TL 81.405 of the Group's tax provision expense from discontinued operations consists of TL 78.057 of current tax expense from discontinued operations and TL 3.348 of deferred tax expense from discontinued operations.)

**12. Explanation on Current Period Net Profit and Loss of Continued and Discontinued  
Operations**

The Group's net profit after tax amounts to TL 7.988.512 (31 December 2020: TL 7.796.507 and net profit from discontinued operations is TL 1.856.568).

**13. Explanation on Net Profit/Loss**

**13.1. Nature, Amount and Frequency of Income and Expenses Arising from Ordinary Banking  
Activities, if Required for the Understanding the Performance of the Parent Bank in the  
Current Period**

The Parent Bank mainly utilizes its resources from domestic deposits on loans, securities and interbank operations. Besides, income is obtained by commissions taken from non-cash loans, other banking operations with insurance agencies.

**13.2. The Effect of the Change in Accounting Estimates to the Net Profit/Loss; Including the  
Effects to the Future Period, if any**

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

**14. If Other Items in the Profit or Loss Statement Exceed 10% of the Profit or Loss Statement  
Total, Sub-Accounts Constituting At Least 20% of These Items are Shown Below**

The “Other” statement under the “Fees and Commission Income” in the Profit or Loss Statement mainly consists of commission and fees received from credit card transactions and banking transactions.

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

**1. Explanations on the Issuance of Shares:**

The paid in capital of T.C. Ziraat Bank is TL 13.100.000. (31 December 2020: TL 13.100.000)

**2. Explanations on Profit Distribution:**

According to the Parent Bank's Ordinary General Assembly Meeting dated 26 March 2021;

In accordance with paragraph 1 of Article 33 of the Bank's Articles of Association regarding the determination, allocation and distribution of net profit for the period; has been set aside 5% (TL 391.251) of the remaining legal reserve from the net profit of TL 7.825.019, Real estate sales revenue exception calculated in accordance with the TPL within the scope of the 5/1-e clause of the Corporate Tax Law no. 5520 after deducting 50% of its base, TL 18.462, to be transferred to a special fund account under equities to be monitored until the end of the fifth year following the sale to leave the remaining TL 7.415.306 within the Bank.

Being monitored in the profit of previous years; within the scope of the transfer of Ziraat Sigorta A.Ş. and Ziraat Hayat ve Emeklilik A.Ş. to Türkiye Varlık Fonu Finansal Yatırımlar A.Ş. reported with the transfer of TL 2.495.459 to TL 1.980.523 the 5/1-e clause of the Corporate Tax Law no. 5520 to be included in a special fund account under equity to be monitored until the end of the fifth year following the year in which the sale was made, except for adding to the capital, since the provisions of the tax exemption of the participation share sales earnings have been utilized, reclassification of some stocks in the Bank's portfolio with the remaining TL 514.936 5% (TL 38.545) of legal reserves from the previous years' profit amounting to TL 770.897, which is the total of TL 255.961 recorded as a result, and transferring the remaining TL 732.352 to extraordinary reserves.

TL 115.389, which is 50% of the real estate sales income exemption base calculated according to the TPL within the scope of the 5/1-e clause of the Corporate Tax Law no. 5520, out of TL 766.550, which arises from real estate valuation differences and is monitored in the profit of previous years as required by TAS-16 to be monitored until the end of the fifth year following the year in which the sale was made, to a special fund account under equity, 5% (TL 32.558) of the remaining TL 651.161 to be allocated as legal reserves, and the remaining TL 618.603 to be decided to transfer to extraordinary reserves.

The Parent Bank plans to distribute its profit in 2021 in line with its articles of association. However, as of the date of preparation of the financial reports, no decision has been taken regarding profit distribution.

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**V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS’  
EQUITY (Continued)**

**3. Profit Reserves:**

As of the balance sheet date, the profit reserves were TL 68.565.711, legal reserves were TL 5.676.734, extraordinary reserves were TL 60.721.651 and other profit reserves were TL 2.167.326. (As of December 31, 2020, profit reserves were TL 58.720.828 and legal reserves were 5.145.171 TL, extraordinary reserves were 52.425 TL.681 and other profit reserves were TL 1.149.976).

**VI. EXPLANATIONS ON CASH FLOW STATEMENTS**

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

Regarding operating profit before the change in banking activity assets and liabilities, TL 10.843.434 of the income amount, TL 94.115.132 mainly consists of the interests received from loans and securities, and TL 64.892.427 mostly consists of the interests given to deposits and money market transactions. Other earnings mainly include net fee and commission income and other operating profit.

The effect of change in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, TL 1.439.724 as of 31 December 2021. (TL 464.042 as of 31 December 2020)

Cash in TL, cash in foreign currency, Central Bank of the Republic of Turkey, money in transit, bank cheques purchased and cash on money market operations are defined as “cash”; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as “cash equivalents”.

***Period opening and end cash and cash equivalents balance***

<b>Period Opening</b>	<b>Current Period</b>	<b>Prior Period</b>
Cash in TL and in Foreign Currency	6.672.363	7.825.560
Central Bank of the Republic of Turkey and Other Banks	35.726.081	23.603.766
Money Market Operations	603.790	621.769
<b>Total Cash and Cash Equivalents</b>	<b>43.002.234</b>	<b>32.051.095</b>

<b>Period End</b>	<b>Current Period</b>	<b>Prior Period</b>
Cash in TL and in Foreign Currency	12.798.004	6.672.363
Central Bank of the Republic of Turkey and Other Banks	96.073.783	35.726.081
Money Market Operations	1.249.768	603.790
<b>Total Cash and Cash Equivalents</b>	<b>110.121.555</b>	<b>43.002.234</b>

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**VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE PARENT BANK BELONGS TO**

**1. Information on the Volume of Transactions Relating to the Bank’s Risk Group, Outstanding Loan and Deposit Transactions and Profit and Loss of the Period**

**1.1 Information Regarding Loans Belonging to the Risk Group of the Bank**

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans</b>						
Beginning Balance	1.138.436	27.516	-	-	-	-
Ending Balance	1.522.167	10.407	-	-	-	-
Interest and Commissions Income	153.583	77	-	-	-	-

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans</b>						
Beginning Balance	317.906	87.558	-	-	-	-
Ending Balance	1.138.436	27.516	-	-	-	-
Interest and Commissions Income	118.872	798	-	-	-	-

**1.2. Information on Deposits of the Parent Bank’s Risk Group**

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposits</b>						
Beginning Balance	283.286	111.739	-	-	-	-
Ending Balance	261.948	283.286	-	-	-	-
Interest Expense on Deposits	33.226	24.527	-	-	-	-

**1.3. Information on Forward and Option Agreements and Other Similar Agreements made with the Group’s Risk Group**

None (31 December 2020: None).

**1.4. Information Regarding Benefits Provided to the Group’s Key Management**

Fees paid to the Group’s key management amount to TL 57.213 (31 December 2020: TL 47.234).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**VIII. EXPLANATIONS AND NOTES RELATED TO POST-BALANCE SHEET MATTERS**

The Parent Bank’s capital has been decided to be increased by TL 21.800.000 to TL 34.900.000, all of which will be paid in cash by Turkey Wealth Fund and the process regarding this capital increase has been continuing.

**IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK**

**1. Information on the Parent Bank’s Domestic and Foreign Branches and Foreign Representatives of the Parent Bank**

	Number	Number of Employees	Country of Incorporation	Total Assets	Statutory Share Capital
Domestic Branch <sup>(1)</sup>	1.727	24.518			
Foreign Representative Office <sup>(2)</sup>	1	-	1- Iran		
Foreign Branch <sup>(2)</sup>	1	3	1- England	16.833.939	907.341
	5	5	2- Bulgaria	2.602.654	209.855
	2	4	3- Iraq	1.825.402	652.135
	3	3	4- Greece	1.763.503	488.169
	1	1	5- Saudi Arabia	833.465	195.641
	4	1	6- Kosova	1.565.885	147.930
	8	35	7- T.R. of Northern Cyprus	5.874.817	307.489
	1	3	8- Bahrain	45.873.282	65.214
Off-Shore Banking Region Branches	-	-	-	-	-

<sup>(1)</sup> Includes the employees of the domestic branches, including the employees of head office and regional management.

<sup>(2)</sup> Excluding the local employees of the foreign branches.

**2. Information on The Parent Bank About Opening, Closing, Changing its Organization Considerably for Domestic and Foreign Branches and Foreign Representatives of the Bank:**

In 2021, 6 new branches were opened, and 7 branches were closed domestically. A new branch was opened abroad. In 2021, all entrepreneurial branches were converted into commercial branches.

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**SECTION SIX**

**OTHER EXPLANATIONS**

**I. INFORMATION ON THE PARENT BANK’S RATING THAT HAS BEEN DETERMINED BY  
INTERNATIONAL RATING AGENCIES**

Information on the assessment done by the international rating agencies Moody’s Investors Service, Fitch Ratings and JCR Eurasia are as follows:

**Moody’s Investors Service: December 2020**

Outlook	Negative
Long term Foreign Currency Deposit	B2
Short term Foreign Currency Deposit	Not-Prime
Long term Domestic Currency Deposit	B2
Short term Domestic Currency Deposit	Not-Prime
Long term Issuer Rating Foreign Currency	B2
Long term Issuer Rating Domestic Currency	B2
Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assessment	caa1

**Fitch Ratings: December 2021**

Foreign Currency Long Term IDR	B+
Outlook	Negative
Foreign Currency Short Term IDR	B
Local Currency Long Term IDR	BB-
Outlook	Negative
Local Currency Short Term IDR	B
National Long-Term Rating	AA (tur)
Outlook	Stable
Public Support Rating	b
Viability Rating	b+

**JCR Eurasia: January 2022**

Long Term International FC	BB
Outlook	Stable
Long Term International LC	BB
Outlook	Stable
Long Term National LC	AAA (Trk)
Outlook	Stable
Short Term International FC	B
Outlook	Stable
Short Term International LC	B
Outlook	Stable
Short Term National LC	A-1+ (Trk)
Sponsor Support	1
Stand Alone	A

**II. OTHER EXPLANATIONS ON THE GROUP’S OPERATIONS**

None.

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**SECTION SEVEN**

**EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT**

**I. MATTERS TO BE EXPLAINED ON THE INDEPENDENT AUDITOR’S REPORT**

The consolidated financial statements prepared as of 31 December 2021 and for the fiscal period ending on the same date have been prepared by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is subject to audit by the independent auditors' report dated 15 February 2022 is presented preceding the consolidated financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS**

None.

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