

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
VE FİNANSAL KURULUŞLARI**

CONSOLIDATED FINANCIAL STATEMENTS  
AND RELATED DISCLOSURES AT DECEMBER 31,  
2021 TOGETHER WITH INDEPENDENT AUDITORS' REPORT  
(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL  
STATEMENTS AND INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH,  
SEE IN NOTE I. OF SECTION THREE)



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working world**

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**Convenience Translation of the Independent Auditor's Report  
Originally Issued in Turkish (See Note I in Section Three)**

## INDEPENDENT AUDITOR'S REPORT

**To the General Assembly of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı**

**Audit of Consolidated Financial Statements**

### Qualified Opinion

We have audited the accompanying consolidated financial statements of Türkiye Vakıflar Bankası T.A.O. (the Bank) and its subsidiaries (collectively referred as "The Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, and a summary of significant accounting policies and other explanatory information.

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



**Basis for Qualified Opinion**

As explained in Section Five Part II.7, the accompanying consolidated financial statements as at December 31, 2021 include a free provision at an amount of TL 1,772,000 thousands of out of which TL 1,072,000 thousands was provided in prior years and TL 700,000 thousands was provided in the current period by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Other Matter**

The consolidated financial statements of the Group as at 31 December 2020 which was prepared in accordance with "BRSA Accounting Financial Reporting Legislation" was audited by another audit firm. Audit firm expressed a qualified opinion in their report issued on February 18, 2021 since the consolidated financial statements which included in their reports dated February 18, 2021 include a free provision at an amount of TL 1,072,000 thousands out of which TL 852,000 thousands was provided in prior years and TL 220,000 thousands was provided within 2020 by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, 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 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.



Key Audit Matter	How the Key Audit Matter is addressed in our audit
<p><b>Financial impact of TFRS 9 "Financial Instruments" standard and recognition of classification, measurement and impairment on financial assets and related important disclosures</b></p> <p>As presented in Section III disclosure VIII, the Group recognizes expected credit losses of financial assets in accordance with TFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since:</p> <ul style="list-style-type: none"> <li>- Amount of on and off balance sheet items that are subject to expected credit loss calculation is material to the financial statements.</li> <li>- There are complex and comprehensive requirements of TFRS 9.</li> <li>- The classification of the financial assets is based on the Group's business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Group uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments.</li> <li>- Policies implemented by the Group management include compliance risk to the regulations and other practices.</li> <li>- Processes of TFRS 9 are advanced and complex.</li> <li>- Judgments and estimates used in expected credit loss, complex and comprehensive.</li> <li>- Disclosure requirements of TFRS 9 are comprehensive and complex.</li> </ul>	<p>Our audit procedures included among others include:</p> <ul style="list-style-type: none"> <li>- Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Group's past experience, local and global practices.</li> <li>- Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists.</li> <li>- Evaluating the reasonableness and appropriateness of management's key estimates and judgments in expected credit loss calculations including the responses to COVID-19, through selection of methods, models, assumptions and data sources.</li> <li>- Evaluation of the reasonableness and appropriateness of key judgments and estimates determined by management and the methods, judgments and data sources used in calculating expected loss, taking into account standard requirements, industry and global practices</li> <li>- Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Group's Business model.</li> <li>- Reviewing the Group's classification and measurement models of the financial instruments and comparing with TFRS 9 requirements</li> <li>- Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Group's past performance, regulations, and other processes that has forward looking estimations.</li> <li>- Assessing the completeness and the accuracy of the data used for expected credit loss calculation.</li> <li>- Testing the mathematical accuracy of expected credit loss calculation on sample basis.</li> <li>- Evaluating the judgments and estimates used for the individually assessed financial assets.</li> <li>- Evaluating the necessity and accuracy of the updates made or required updates after the modeling process</li> <li>- Auditing of TFRS 9 disclosures.</li> </ul>



<b>Pension Fund Obligations</b>	
<p>Employees of the Group are members of Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı, ("the Fund"), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. As disclosed in the "Section Three Note XVI to the financial statements, Banks will transfer their pension fund to the Social Security Institution and the authority of the "Council of Ministers" on the determination of the mentioned transfer date is changed as "President" in the Decree Law No. 703 published in the Official Gazette numbered 30473 and dated July 9, 2018.</p> <p>The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, demographic assumptions, inflation rate estimates and the impact of any changes in individual pension plans. The Group Management uses Fund actuaries to assist in assessing these assumptions.</p> <p>Considering the subjectivity of key assumptions and estimate used in the calculations of transferrable liabilities and the effects of the potential changes in the estimates used together with the uncertainty around the transfer date and given the fact that technical interest rate is prescribed under the law, we considered this to be a key audit matter.</p>	<p>It has been addressed whether there have been any significant changes in regulations governing pension liabilities, employee benefits plans during the period, that could lead to adjust the valuation of employee benefits. Support from actuarial auditor of our firm, has been taken to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary.</p> <p>Furthermore; the accuracy and adequacy of the footnotes in the consolidated financial statements of the Group have been evaluated.</p>



**Responsibilities of Management and Directors for the Consolidated Financial Statements**

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

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

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

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

In an independent audit, the responsibilities of us as independent auditors are:

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

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and its subsidiaries 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 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 and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.



### Report on Other Legal and Regulatory Requirements

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

The engagement partner who supervised and concluded this independent auditor's report is Damla Harman.

### Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, 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.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Damla Harman, SMMM  
Partner

February 14, 2022  
Istanbul, Turkey

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
CONSOLIDATED FINANCIAL REPORT  
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021**

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The consolidated financial report as at and for the year ended December 31, 2021 prepared in accordance with the “Communiqué of Financial Statements and Related Disclosures and Footnotes to be Publicly Announced by Banks” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- DISCLOSURES ON ACCOUNTING POLICIES APPLIED IN THE PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES
  - INDEPENDENT AUDITORS' REVIEW REPORT

The subsidiaries and associates included in the consolidated financial report are as follows:

SUBSIDIARIES	ASSOCIATES	JOINT-VENTURES
Vakıf Faktoring AŞ	Kıbrıs Vakıflar Bankası Ltd.	-
Vakıf Finansal Kiralama AŞ	Türkiye Sınai Kalkınma Bankası AŞ	-
Vakıf Yatırım Menkul Değerler AŞ	-	-
VakıfBank International AG	-	-
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	-	-
Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	-	-

In addition, VB DPR Finance Company, which is a “Structured Entity”, although not a subsidiary of our Bank, is included in the consolidation.

The accompanying consolidated financial statements for the year period, related disclosures and footnotes which have been independently reviewed, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, the related statements and guidance and in compliance with the financial records of our Bank and unless otherwise stated, presented in thousands of Turkish Lira.

February 14, 2022

Mustafa SAYDAM Chairman of the Board	Serdar TUNÇBİLEK Board and Audit Committee Member	Dilek YÜKSEL Board and Audit Committee Member
Abdi Serdar ÜSTÜNSALİH General Manager and Board Member	Şuayyip İLBİLGİ Assistant General Manager	Korhan TURGUT Director of Accounting and Financial Affairs

The authorized contact person for questions on this financial report:

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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**SECTION ONE**

**GENERAL INFORMATION**

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("The Bank" or "The Parent Bank") was established to operate as stated in the disclosure V of this section, under the authorization of a special law numbered 6219, called "the Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı", on January 11, 1954 within the framework of the authority granted to The General Directorate of the Foundations of Turkish Republic Prime Ministry ("The General Directorate of the Foundations"). The Bank's statute has not been changed since its establishment.

**II. THE PARENT BANK'S SHAREHOLDERS STRUCTURE, MANAGEMENT AND INTERNAL AUDIT, DIRECT AND INDIRECT SHAREHOLDERS, CHANGE IN SHAREHOLDER STRUCTURE DURING THE PERIOD AND INFORMATION ON BANK'S RISK GROUP**

The shareholder having control over the shares of The Parent Bank is the Republic of Turkey Ministry of Treasury and Finance.

As at December 31, 2021 and December 31, 2020 the Parent Bank's paid-in capital is TL 3,905,622 divided into 390,562,248,996 shares with each has a nominal value of Kr 1.

The Parent Bank's shareholders structure as at December 31, 2021 and December 31, 2020 are stated below:

<b>Shareholders December 31, 2021</b>	<b>Number of Shares (100 unit)</b>	<b>Nominal Value of the Shares – Thousands of TL</b>	<b>Share Percentage (%)</b>
Türkiye Varlık Fonu (Group D)	1,405,622,490	1,405,622	35.99
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058,640	1,075,058	27.52
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	10.31
TC Hazine ve Maliye Bakanlığı (Group B)	387,673,328	387,673	9.93
Other appendant foundations (Group B)	2,591,250	2,591	0.07
Other real persons and legal entities (Group C)	1,527,393	1,528	0.04
Publicly traded (Group D)	630,596,723	630,597	16.14
<b>Total</b>	<b>3,905,622,490</b>	<b>3,905,622</b>	<b>100.00</b>

<b>Shareholders December 31, 2020</b>	<b>Number of Shares (100 unit)</b>	<b>Nominal Value of the Shares – Thousands of TL</b>	<b>Share Percentage (%)</b>
Türkiye Varlık Fonu (Group D)	1,405,622,490	1,405,622	35.99
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058,640	1,075,058	27.52
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	10.31
TC Hazine ve Maliye Bakanlığı (Group B)	387,673,328	387,673	9.93
Other appendant foundations (Group B)	2,591,250	2,591	0.07
Other real persons and legal entities (Group C)	1,527,393	1,528	0.04
Publicly traded (Group D)	630,596,723	630,597	16.14
<b>Total</b>	<b>3,905,622,490</b>	<b>3,905,622</b>	<b>100.00</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**GENERAL INFORMATION (Continued)**

**II. THE PARENT BANK'S SHAREHOLDERS STRUCTURE, MANAGEMENT AND INTERNAL AUDIT, DIRECT AND INDIRECT SHAREHOLDERS, CHANGE IN SHAREHOLDER STRUCTURE DURING THE PERIOD AND INFORMATION ON BANK'S RISK GROUP(Continued)**

With the Decree Law No. 696 published in the Official Gazette dated 24 December 2017, the "Türkiye Vakıflar Bankası Turkish Joint-Stock Company Law" No. 6219 was amended.

With the Presidential Decree dated December 3, 2019, published in line with the relevant provisions of Law No. 6219, 58.51% of the total of 43.00% (A) Group and 15.51% (B) Group, managed and represented by the General Directorate of Foundations' per share value of share is determined.

In accordance with the relevant provisions of the Law No. 6219, the provisions of the Capital Market Law, including the obligation to propose shares regarding the transfer transactions regarding the shares specified in the Presidential Decree of 3 December 2019, will not be applied. There will be no changes regarding the 25.22% shares of the (D) Group traded at the stock exchange.

The process regarding the transfer of bank shares has been completed as of 11 December 2019 and 58.51% of the Parent Bank's share has been transferred to the Treasury and has been recorded in the Parent Bank's share book on behalf of the Ministry of Treasury and Finance of the Republic of Turkey.

With the decision of the Parent Bank's Board of Directors dated May 11, 2020, it has been decided to increase the paid in capital of TL 2,500,000 provided that it remains within the registered capital ceiling, by completely restricting the pre-emptive rights of the current shareholders and by increasing cash capital increase, which will generate a total sales revenue of TL 7,000,000 in total. Within the framework of the relevant legislation of the Capital Markets Board, the Banking Regulation and Supervision Agency and the Procedure for Borsa İstanbul's Wholesale Purchase and Sales Transactions, all of the shares to be issued due to the capital increase, are set to be transferred to Turkey Wealth Fund, without public offering and by dedicated sales method.

In the material event disclosure published by the Bank on May 15, 2020, it was announced that the sales price of the shares to be issued was determined as TL 4.98 for a share with a nominal value of 1 TL, and that the paid in capital will be increased from TL 2,500,000 to TL 3,905,622 as a result of the capital increase.

It has been announced that the shares with a nominal value of TL 1,405,622 issued by the Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the same date, the shares were sold to Turkey Wealth Fund through the wholesale transaction method in stock market and the capital increase transactions have been completed.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021**

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

**GENERAL INFORMATION (Continued)**

**III. INFORMATION ON THE PARENT BANK’S CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, GENERAL MANAGER, ASSISTANT GENERAL MANAGERS AND THEIR SHARES IN THE BANK**

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<b>Board of Directors</b>				
Mustafa SAYDAM	Chairman	March 26, 2021	Bachelor’s	27 years
Dr.Cemil Ragıp ERTEM	Deputy Chairman	June 12, 2020	PhD	23 years
Abdi Serdar ÜSTÜNSALİH	Member – General Manager	May 27, 2019	Master’s	30 years
Dr.Adnan ERTEM	Member	October 28, 2010	PhD	33 years
Dilek YÜKSEL	Member	29 March, 2016	Bachelor’s	11 years
Şahin UĞUR	Member	June 9, 2017	Bachelor’s	35 years
Serdar TUNÇBİLEK	Member	June 9, 2017	Bachelor’s	35 years
Abdülkadir AKSU	Member	May 27, 2019	Bachelor’s	2 years
Sadık YAKUT	Member	May 27, 2019	Bachelor’s	2 years
<b>Audit Committee</b>				
Serdar TUNÇBİLEK	Member	June 15, 2017	Bachelor’s	35 years
Dilek YÜKSEL	Member	June 12, 2020	Bachelor’s	11 years
<b>Auditor</b>				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor’s	37 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master’s	2 years
<b>Assistant General Managers</b>				
Metin Recep ZAFER	R&D and Business Intelligence Application Development, Basic Banking Application Development, Channel Management and Payment Systems App. Development, System Management, IT System and Application Support, IT Planning and Coordination, Treasury Operations, Foreign Operations, Banking Operations, Credit, Customer and Account Operations	June 13, 2006	PhD	26 years
Muhammet Lütfü ÇELEBİ	Human Resources, Corporate Development and Academy	October 23, 2013	Bachelor’s	26 years
Şuayyip İLBİLGİ	Accounting and Financial Affairs, Strategy and Planning, Subsidiaries and Affiliates	August 1, 2017	Bachelor’s	25 years
Mikail HİDİR	Credit Risk Liquidation, Legal Affairs	December 26, 2018	Bachelor’s	18 years
Hazım AKYOL	Corporate Banking Marketing, Commercial Banking Marketing, Corporate Branches, Cash Management, Product Development and Foreign Trade Marketing, Corporate Branches	May 31, 2019	Bachelor’s	28 years
Alaattin ŞİMŞEK	Evaluation and Rating, Credit Risk Planning and Monitoring	May 31, 2019	Bachelor’s	26 years
Ferkan MERDAN	Payment Systems, Digital Banking and Distribution Channels, Corporate Communication, Customer Experience and Management	May 31, 2019	Master’s	25 years
Muhammed Onay ÖZKAN	Treasury Management, International Banking and Investor Relations Treasury Middle Office	May 31, 2019	Bachelor’s	22 years
Arif ÇOKÇETİN	Corporate Loans Allocation Management, Retail and SME Loans Allocation Management, Commercial Loans Allocation Management 1-2, Featured Loans Management	July 8, 2020	Bachelor’s	26 years
Kadir KARATAŞ	Support Services	August 13, 2020	Bachelor’s	25 years
Mustafa TURAN	Individual, Deposit Marketing and Payment Systems	January 4, 2022	Bachelor’s	17 years

The persons mentioned above do not have a significant share in the non-public portion of the Bank’s shares.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021**

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

**GENERAL INFORMATION (Continued)**

**III. INFORMATION ON THE PARENT BANK’S CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, GENERAL MANAGER, ASSISTANT GENERAL MANAGERS, AND THEIR SHARES IN THE BANK (Continued)**

Credit Policies and Processes Implementation Departments, Secure Banking Departments and Board of Directors Affairs Unit are working dependent to the General Manager.

Regarding the election of the Members of the Board of Directors at the Bank's 67th Ordinary General Assembly Meeting held on March 26, 2021; Abdülkadir AKSU to continue his duty as an independent member of the Board of Directors; It was decided by majority of votes that Mustafa SAYDAM be elected for 3 years to take the place of Hamza YERLIKAYA.

At the Board of Directors Meeting held on 26 March 2021, in accordance with the Related Articles of our Bank's Articles of Association:

- Mr. Mustafa Saydam was elected as the Chairman of the Board,
- Mr. Cemil Ragıp Ertem was elected as the Deputy Chairman of the Board of Directors,
- Mr. Abdi Serdar Üstünsalih was elected as the General Manager

by unanimous vote.

Mr. Mustafa TURAN was appointed as Assistant General Manager, by the decision of the Bank’s Board of Directors dated December 22, 2021.



**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021**

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

**GENERAL INFORMATION (Continued)**

**IV. INFORMATION ON THE PARENT BANK’S QUALIFIED SHAREHOLDERS**

**Current Period - December 31, 2021**

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Varlık Fonu (Group D)	1,405,622	35.99	1,405,622	-
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058	27.52	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	10.31	402,553	-
TC Hazine ve Maliye Bakanlığı (Group B)	387,673	9.93	387,673	-

**Prior Period - December 31, 2020**

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Varlık Fonu (Group D)	1,405,622	35.99	1,405,622	-
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058	27.52	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	10.31	402,553	-
TC Hazine ve Maliye Bakanlığı (Group B)	387,673	9.93	387,673	-

As of December 31, 2021 and December 31, 2020, shareholder holding control over the Parent Bank is the Republic of Turkey Ministry of Treasury and Finance having 37.45% of the Parent Bank’s outstanding shares. Other organizations that are qualified shareholders are Turkey Wealth Fund, with 35.99% share and Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı, with 10.31% share.

With the Decree Law No. 696 published in the Official Gazette dated December 24, 2017, the Presidential decision dated December 3, 2019 and the material event disclosure made by the Parent Bank on May 20, 2020, the material event disclosure made by the Parent Bank and the changes brought about the Parent Bank’s capital structure are explained in detail in the I. Section General Information section of the report, under heading II

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021**

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

**GENERAL INFORMATION (Continued)**

**V. INFORMATION ABOUT THE SERVICES AND NATURE OF ACTIVITIES OF THE PARENT BANK**

The Parent Bank was established under the authorization of special law numbered 6219, called “The Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı”, on January 11, 1954 within the framework of the authority granted to The General Directorate of the Foundations. Operational activities of the Parent Bank as stated at its Articles of Association are as follows:

The Parent Bank’s objective is to carry out all kinds of banking activities that deposit banks can perform, provided that the obligations specified in the Banking Law and other relevant legislation are fulfilled.

The Parent Bank shall exercise all the powers recognized by the provisions of the Banking Law and other relevant legislation in order to achieve its objectives.

In this framework, the Bank shall engage in activities such as to issue all kinds of cash and non-cash loans, either in Turkish Lira or foreign currency, to act as an intermediary in the export, purchase and sale of financial instruments, to carry out investment banking transactions, to buy, sell or transfer loans as wholesale or retail, to complete transactions in domestic and foreign futures markets, to provide funds from domestic and foreign interbank money market, to perform capital market transactions, to act as intermediary for import and export transactions, to act as agent for insurance and other financial institutions, and to participate in any partnership to which they may become a partner, without prejudice to the provisions of the capital market legislation, or to establish new partnerships for this purpose or to quit established partnerships.

The Parent Bank is also authorized to carry out the banking services of the registered and appendant foundations as well as the cash registers under the agreements to be made by the General Directorate of Foundations.

Without prejudice to the provisions of the relevant legislation, The Parent Bank may acquire, grant, issue, sell, transfer, pledge or mortgage to others, take pledges and mortgages on securities and real estate in its may lease or lease similar rights, annotate the lease and sale promise contracts to the title deed in his favor, and remove annotations for all kinds of movable properties, real estates and their rights, particularly industrial, intellectual and similar rights, right of incorporation and loyalty, rights of usufruct, easement and superior rights. The Parent Bank can establish, either individually or collectively in an equal manner, pledge or mortgage.

The Parent Bank may acquire securities and real estates in order to carry out banking activities or collect its receivables within the legal limits and may dispose of them by sale, exchange and other forms when necessary.

The Parent Bank may obtain all kinds of collateral, guarantee in kind and personal guarantees, for the collection and provision of its rights and receivables. In this regard, the deed, tax offices and other public and private institutions before registration, cancellation, assignment and all other operations can do.

As at December 31, 2021, The Parent Bank has 936 domestic, 4 foreign, in total 940 branches (December 31, 2020: 933 domestic, 3 foreign, in total 936 branches). As at December 31, 2021, The Parent Bank has 16,929 employees (December 31, 2020: 16,748 employees).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021**

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

**GENERAL INFORMATION (Continued)**

**VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED  
FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND  
SHORT EXPLANATION ABOUT THE INSTITUTIONS SUBJECT TO LINE-BY-LINE METHOD  
OR PROPORTIONAL CONSOLIDATION AND INSTITUTIONS WHICH ARE DEDUCTED FROM  
EQUITY OR NOT INCLUDED IN THESE THREE METHODS**

As at and for the year ended December 31, 2021, the financial statements of T. Vakıflar Bankası T.A.O., Vakıfbank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ have been included in the full consolidated financial statements of the Group.

As at and for the year ended December 31, 2021, the financial statements of Kıbrıs Vakıflar Bankası Ltd. and Türkiye Sınai Kalkınma Bankası AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

İstanbul Takas ve Saklama Bankası AŞ, Kredi Garanti Fonu AŞ and Birleşik İpotek Finansmanı AŞ are excluded from the scope of consolidation according to the Communiqué on Preparation of Consolidated Financial Statements. Since Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, Roketsan Roket Sanayi ve Ticaret AŞ, Güçbirliği Holding AŞ, İzmir Enternasyonal AŞ, Platform Ortak Kartlı Sistemler AŞ, Türkiye Ürün İhtisas Borsası AŞ, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, JCR Avrasya Derecelendirme AŞ are not financial associates; these associates have not been consolidated. These associates have been accounted for as per TFRS-9 in the consolidated financial statements.

Vakıf Enerji ve Madencilik AŞ, Taksim Otelcilik AŞ, Vakıf Pazarlama Sanayi ve Ticaret AŞ, Vakıf Gayrimenkul Değerleme AŞ and Vakıf Elektronik Para ve Odeme Hizmetleri AŞ have not been consolidated since they are not among the financial subsidiaries of the Bank. Therefore, the subsidiaries whose fair value can be reliably measured are reflected in the consolidated financial statements at their fair values in accordance with TFRS 9.

**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**

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED BALANCE SHEET  
(STATEMENT OF FINANCIAL POSITION) AS AT DECEMBER 31, 2021**

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

ASSETS	Notes	Current Period December 31, 2021			Prior Period December 31, 2020		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>101,130,561</b>	<b>248,362,721</b>	<b>349,493,282</b>	<b>53,386,866</b>	<b>143,243,468</b>	<b>196,630,334</b>
<b>I.1 Cash and cash equivalents</b>	V-I-1	<b>30,621,364</b>	<b>142,079,991</b>	<b>172,701,355</b>	<b>14,925,286</b>	<b>81,577,857</b>	<b>96,503,143</b>
1.1.1 Cash and balances at Central Bank	V-I-1	29,360,024	114,812,521	144,172,545	14,662,490	78,544,752	93,207,242
1.1.2 Banks	V-I-3	1,272,208	20,353,088	21,625,296	58,997	3,033,183	3,092,180
1.1.3 Receivables from Money Markets		3,499	6,914,400	6,917,899	206,589	-	206,589
1.1.4 Allowance for expected credit losses (-)	V-I-18	14,367	18	14,385	2,790	78	2,868
<b>I.2 Financial assets at fair value through profit or loss</b>	V-I-2	<b>365,610</b>	<b>16,226,214</b>	<b>16,591,824</b>	<b>297,243</b>	<b>7,161,038</b>	<b>7,458,281</b>
1.2.1 Public debt securities		118,890	15,939,741	16,058,631	110,576	7,000,000	7,110,576
1.2.2 Equity instruments		201,998	286,473	488,471	170,609	161,038	331,647
1.2.3 Other financial assets		44,722	-	44,722	16,058	-	16,058
<b>I.3 Financial assets at fair value through other comprehensive income</b>	V-I-4	<b>50,971,953</b>	<b>87,981,724</b>	<b>138,953,677</b>	<b>31,026,129</b>	<b>52,901,796</b>	<b>83,927,925</b>
1.3.1 Public debt securities		50,435,798	85,501,032	135,936,830	30,422,704	51,083,898	81,506,602
1.3.2 Equity instruments		14,732	7,246	21,978	14,131	4,028	18,159
1.3.3 Other financial assets		521,423	2,473,446	2,994,869	589,294	1,813,870	2,403,164
<b>I.4 Derivative financial assets</b>	V-I-2	<b>19,171,634</b>	<b>2,074,792</b>	<b>21,246,426</b>	<b>7,138,208</b>	<b>1,602,777</b>	<b>8,740,985</b>
1.4.1 Derivative financial assets at fair value through profit or loss		19,171,634	2,074,792	21,246,426	7,138,208	1,602,777	8,740,985
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>407,001,757</b>	<b>249,012,309</b>	<b>656,014,066</b>	<b>343,944,228</b>	<b>142,525,708</b>	<b>486,469,936</b>
<b>2.1 Loans</b>	V-I-5	<b>377,286,644</b>	<b>219,413,299</b>	<b>596,699,943</b>	<b>315,239,878</b>	<b>125,612,148</b>	<b>440,852,026</b>
2.2 Receivables from leasing transactions	V-I-10	1,340,492	3,640,839	4,981,331	903,110	2,367,900	3,271,010
2.3 Factoring receivables		6,184,214	889,603	7,073,817	5,481,094	270,646	5,751,740
<b>2.4 Financial assets measured at amortised cost</b>	V-I-6	<b>48,417,140</b>	<b>25,444,843</b>	<b>73,861,983</b>	<b>44,218,605</b>	<b>14,528,647</b>	<b>58,747,252</b>
2.4.1 Public debt securities		48,358,190	25,176,782	73,534,972	44,159,655	14,342,399	58,502,054
2.4.2 Other financial assets		58,950	268,061	327,011	58,950	186,248	245,198
2.5 Allowance for expected credit losses (-)		26,226,733	376,275	26,603,008	21,898,459	253,633	22,152,092
<b>III. NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)"</b>	V-I-16	<b>755,253</b>	<b>-</b>	<b>755,253</b>	<b>1,256,254</b>	<b>-</b>	<b>1,256,254</b>
3.1 Held for sale purpose		755,253	-	755,253	1,256,254	-	1,256,254
3.2 Related to discontinued operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>2,825,834</b>	<b>3</b>	<b>2,825,837</b>	<b>1,883,825</b>	<b>3</b>	<b>1,883,828</b>
<b>4.1 Investments in associates (Net)</b>	V-I-7	<b>2,306,545</b>	<b>3</b>	<b>2,306,548</b>	<b>1,495,974</b>	<b>3</b>	<b>1,495,977</b>
4.1.1 Associates accounted by using equity method		607,936	-	607,936	530,191	-	530,191
4.1.2 Unconsolidated associates		1,698,609	3	1,698,612	965,783	3	965,786
<b>4.2 Investments in subsidiaries (Net)</b>	V-I-8	<b>519,289</b>	<b>-</b>	<b>519,289</b>	<b>387,851</b>	<b>-</b>	<b>387,851</b>
4.2.1 Non-consolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Non-consolidated non-financial subsidiaries		519,289	-	519,289	387,851	-	387,851
<b>4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)</b>	V-I-9	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2 Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	V-I-12	<b>4,110,997</b>	<b>30,054</b>	<b>4,141,051</b>	<b>4,882,144</b>	<b>14,266</b>	<b>4,896,410</b>
<b>VI. INTANGIBLE ASSETS AND GOODWILL (Net)</b>	V-I-13	<b>298,931</b>	<b>474</b>	<b>299,405</b>	<b>273,776</b>	<b>348</b>	<b>274,124</b>
6.1 Goodwill		14,631	-	14,631	14,631	-	14,631
6.2 Other		284,300	474	284,774	259,145	348	259,493
<b>VII. INVESTMENT PROPERTIES (Net)</b>	V-I-14	<b>972,154</b>	<b>-</b>	<b>972,154</b>	<b>502,143</b>	<b>-</b>	<b>502,143</b>
<b>VIII. CURRENT TAX ASSETS</b>	V-I-15	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSETS</b>	V-I-15	<b>72,767</b>	<b>-</b>	<b>72,767</b>	<b>1,234,832</b>	<b>-</b>	<b>1,234,832</b>
<b>X. OTHER ASSETS</b>	V-I-17	<b>10,753,294</b>	<b>3,573,989</b>	<b>14,327,283</b>	<b>8,005,234</b>	<b>10,937,422</b>	<b>18,942,656</b>
<b>TOTAL ASSETS</b>		<b>527,921,548</b>	<b>500,979,550</b>	<b>1,028,901,098</b>	<b>415,369,302</b>	<b>296,721,215</b>	<b>712,090,517</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED BALANCE SHEET  
(STATEMENT OF FINANCIAL POSITION) AS AT DECEMBER 31, 2021**

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

LIABILITIES	Notes	Current Period December 31, 2021			Prior Period December 31, 2020		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	V-II-1	<b>254,392,314</b>	<b>341,417,664</b>	<b>595,809,978</b>	<b>214,241,507</b>	<b>203,280,375</b>	<b>417,521,882</b>
<b>II. BORROWINGS</b>	V-II-3	<b>3,507,327</b>	<b>94,929,344</b>	<b>98,436,671</b>	<b>2,450,296</b>	<b>49,238,699</b>	<b>51,688,995</b>
<b>III. MONEY MARKET FUNDS</b>		<b>123,991,383</b>	<b>24,725,979</b>	<b>148,717,362</b>	<b>79,758,688</b>	<b>21,553,517</b>	<b>101,312,205</b>
<b>IV. MARKETABLE SECURITIES ISSUED (Net)</b>	V-II-3	<b>11,332,808</b>	<b>51,204,819</b>	<b>62,537,627</b>	<b>11,262,156</b>	<b>34,892,367</b>	<b>46,154,523</b>
4.1 Bills		6,031,337	871,154	6,902,491	5,960,553	2,188,163	8,148,716
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		5,301,471	50,333,665	55,635,136	5,301,603	32,704,204	38,005,807
<b>V. FUNDS</b>		<b>3,005</b>	<b>-</b>	<b>3,005</b>	<b>3,005</b>	<b>-</b>	<b>3,053</b>
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		3,005	-	3,005	3,053	-	3,053
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	V-II-2	<b>1,609,212</b>	<b>3,881,066</b>	<b>5,490,278</b>	<b>4,061,171</b>	<b>2,022,130</b>	<b>6,083,301</b>
7.1 Derivative financial liabilities at fair value through profit or loss		1,609,212	3,881,066	5,490,278	4,061,171	2,022,130	6,083,301
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
<b>VIII. FACTORING PAYABLES</b>		<b>7,309</b>	<b>-</b>	<b>7,309</b>	<b>672</b>	<b>-</b>	<b>672</b>
<b>IX. LEASE PAYABLES (Net)</b>	V-II-5	<b>954,389</b>	<b>4,204</b>	<b>958,593</b>	<b>978,735</b>	<b>-</b>	<b>978,735</b>
<b>X. PROVISIONS</b>	V-II-7	<b>3,856,308</b>	<b>98,808</b>	<b>3,955,116</b>	<b>2,980,102</b>	<b>70,295</b>	<b>3,050,397</b>
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		1,772,257	11,118	1,783,375	1,555,683	5,534	1,561,217
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		2,084,051	87,690	2,171,741	1,424,419	64,761	1,489,180
<b>XI. CURRENT TAX LIABILITIES</b>	V-II-8	<b>1,089,521</b>	<b>10,846</b>	<b>1,100,367</b>	<b>950,476</b>	<b>4,329</b>	<b>954,805</b>
<b>XII. DEFERRED TAX LIABILITIES</b>	V-II-8	<b>-</b>	<b>14,719</b>	<b>14,719</b>	<b>103</b>	<b>57,525</b>	<b>57,628</b>
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)</b>	V-II-9	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT</b>	V-II-10	<b>6,404,751</b>	<b>22,563,676</b>	<b>28,968,427</b>	<b>6,401,461</b>	<b>13,057,337</b>	<b>19,458,798</b>
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		6,404,751	22,563,676	28,968,427	6,401,461	13,057,337	19,458,798
<b>XV. OTHER LIABILITIES</b>	V-II-4	<b>21,444,948</b>	<b>7,256,670</b>	<b>28,701,618</b>	<b>13,798,644</b>	<b>3,874,792</b>	<b>17,673,436</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	V-II-11	<b>52,229,638</b>	<b>1,970,390</b>	<b>54,200,028</b>	<b>45,408,347</b>	<b>1,743,740</b>	<b>47,152,087</b>
16.1 Paid-in capital		3,905,622	-	3,905,622	3,905,622	-	3,905,622
16.2 Capital reserves		6,192,623	-	6,192,623	6,265,527	-	6,265,527
16.2.1 Equity share premiums		6,303,367	-	6,303,367	6,303,347	-	6,303,347
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(110,744)	-	(110,744)	(37,820)	-	(37,820)
<b>16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss</b>		<b>2,287,039</b>	<b>-</b>	<b>2,287,039</b>	<b>1,603,596</b>	<b>-</b>	<b>1,603,596</b>
<b>16.4 Other accumulated comprehensive income that will be reclassified in profit or loss</b>		<b>1,283,355</b>	<b>950,864</b>	<b>2,234,219</b>	<b>169,087</b>	<b>1,210,809</b>	<b>1,379,896</b>
<b>16.5 Profit reserves</b>		<b>32,727,539</b>	<b>440,749</b>	<b>33,168,288</b>	<b>26,431,074</b>	<b>273,876</b>	<b>26,704,950</b>
16.5.1 Legal reserves		3,515,810	21,149	3,536,959	2,811,181	17,882	2,829,063
16.5.2 Statutory reserves		6,337	-	6,337	6,337	-	6,337
16.5.3 Extraordinary reserves		26,510,023	415,985	26,926,008	21,810,638	252,379	22,063,017
16.5.4 Other profit reserves		2,695,369	3,615	2,698,984	1,802,918	3,615	1,806,533
<b>16.6 Profit or loss</b>		<b>4,623,062</b>	<b>574,107</b>	<b>5,197,169</b>	<b>6,291,176</b>	<b>254,385</b>	<b>6,545,561</b>
16.6.1 Prior years' profits or losses		1,157	30,156	31,313	196,734	11,374	208,108
16.6.2 Current period net profit or loss		4,621,905	543,951	5,165,856	6,094,442	243,011	6,337,453
<b>16.7 Minority interests</b>		<b>1,210,398</b>	<b>4,670</b>	<b>1,215,068</b>	<b>742,265</b>	<b>4,670</b>	<b>746,935</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>480,822,913</b>	<b>548,078,185</b>	<b>1,028,901,098</b>	<b>382,295,411</b>	<b>329,795,106</b>	<b>712,090,517</b>

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED OFF-BALANCE SHEET ITEMS AS AT DECEMBER 31, 2021

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

	Notes	Current Period December 31, 2021			Prior Period December 31, 2020		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>212,228,885</b>	<b>498,811,450</b>	<b>711,040,335</b>	<b>168,755,052</b>	<b>278,884,858</b>	<b>447,639,910</b>
<b>I. GUARANTEES AND WARRANTIES</b>	V-III-2	<b>62,457,727</b>	<b>130,998,199</b>	<b>193,455,926</b>	<b>43,928,944</b>	<b>58,547,258</b>	<b>102,476,202</b>
1.1. Letters of guarantee	V-III-1	<b>61,406,815</b>	<b>72,673,220</b>	<b>134,080,035</b>	<b>43,395,971</b>	<b>32,027,856</b>	<b>75,423,827</b>
1.1.1. Guarantees subject to state tender law		3,507,026	19,605,204	23,112,230	2,594,448	10,005,488	12,599,936
1.1.2. Guarantees given for foreign trade operations		2,542,604	-	2,542,604	2,335,826	-	2,335,826
1.1.3. Other letters of guarantee		55,357,185	53,068,016	108,425,201	38,465,697	22,022,368	60,488,065
<b>1.2. Bank acceptances</b>		<b>4,258</b>	<b>9,575,050</b>	<b>9,579,308</b>	<b>4,258</b>	<b>5,111,534</b>	<b>5,115,792</b>
1.2.1. Import letter of acceptance		-	969,051	969,051	-	289,665	289,665
1.2.2. Other bank acceptances	V-III-4	4,258	8,605,999	8,610,257	4,258	4,821,869	4,826,127
<b>1.3. Letters of credit</b>	V-III-4	<b>568,802</b>	<b>48,276,760</b>	<b>48,845,562</b>	<b>253,982</b>	<b>20,667,442</b>	<b>20,921,424</b>
1.3.1. Documentary letters of credit		568,802	48,276,760	48,845,562	253,982	20,667,442	20,921,424
1.3.2. Other letters of credit		-	-	-	-	-	-
<b>1.4. Pre-financings given as guarantee</b>		<b>-</b>	<b>10,657</b>	<b>10,657</b>	<b>-</b>	<b>5,925</b>	<b>5,925</b>
<b>1.5. Endorsements</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
<b>1.6. Purchase guarantees for securities issued</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>1.7. Factoring guarantees</b>		<b>117,441</b>	<b>277,393</b>	<b>394,834</b>	<b>1,000</b>	<b>474,188</b>	<b>475,188</b>
<b>1.8. Other guarantees</b>		<b>160,411</b>	<b>185,119</b>	<b>345,530</b>	<b>187,331</b>	<b>106,963</b>	<b>294,294</b>
<b>1.9. Other warranties</b>		<b>200,000</b>	<b>-</b>	<b>200,000</b>	<b>86,402</b>	<b>153,350</b>	<b>239,752</b>
<b>II. COMMITMENTS</b>		<b>92,374,573</b>	<b>75,850,537</b>	<b>168,225,110</b>	<b>72,066,613</b>	<b>42,415,370</b>	<b>114,481,983</b>
<b>2.1. Irrevocable commitments</b>	V-III-1	<b>28,478,220</b>	<b>11,469,988</b>	<b>40,000,208</b>	<b>20,522,613</b>	<b>6,517,443</b>	<b>27,040,056</b>
2.1.1. Asset purchase and sales commitments	V-III-1	2,924,429	10,106,329	13,030,758	5,695,753	6,147,096	11,842,849
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		34,255	-	34,255	3,150	-	3,150
2.1.4. Loan granting commitments	V-III-1	34,013,637	4,036	34,017,673	26,086,273	2,419	26,088,692
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments	V-III-1	7,029,711	-	7,029,711	5,723,932	-	5,723,932
2.1.8. Tax and fund liabilities on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits	V-III-1	30,687,962	-	30,687,962	21,320,698	-	21,320,698
2.1.10. Commitments for credit card and banking services promotions		524,897	-	524,897	597,623	-	597,623
2.1.11. Receivables from short sale commitments on marketable securities		-	-	-	-	-	-
2.1.12. Payables from short sale commitments on marketable securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		3,707,157	1,359,623	5,066,780	2,891,300	367,928	3,259,228
<b>2.2. Revocable commitments</b>		<b>13,452,525</b>	<b>64,380,549</b>	<b>77,833,074</b>	<b>9,747,884</b>	<b>35,897,927</b>	<b>45,645,811</b>
2.2.1. Revocable loan granting commitments		13,452,525	64,380,549	77,833,074	9,747,884	35,897,927	45,645,811
2.2.2. Other revocable commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	V-III-5	<b>57,396,585</b>	<b>291,962,714</b>	<b>349,359,299</b>	<b>52,759,495</b>	<b>177,922,230</b>	<b>230,681,725</b>
<b>3.1. Derivative financial instruments held for hedging purposes</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Hedging for investments made in foreign countries		-	-	-	-	-	-
<b>3.2. Trading transactions</b>		<b>57,396,585</b>	<b>291,962,714</b>	<b>349,359,299</b>	<b>52,759,495</b>	<b>177,922,230</b>	<b>230,681,725</b>
3.2.1. Forward foreign currency purchase and sale transactions		6,266,455	8,227,370	14,493,825	1,523,642	1,550,002	3,073,644
3.2.1.1. Forward foreign currency purchase transactions		3,142,731	4,115,500	7,258,231	864,639	681,888	1,546,527
3.2.2. Forward foreign currency sales		3,123,724	4,111,870	7,235,594	659,003	868,114	1,527,117
3.2.2. Currency and interest rate swaps		40,183,475	216,164,627	256,348,102	42,382,470	153,888,563	196,271,033
3.2.2.1. Currency swap purchase transactions		107,989	70,293,816	70,401,805	1,626,406	56,087,175	57,713,581
3.2.2.2. Currency swap sale transactions		37,995,486	20,450,158	58,445,644	37,636,064	20,995,076	58,631,140
3.2.2.3. Interest rate swap purchase transactions		1,085,000	62,710,327	63,795,327	1,560,000	38,403,156	39,963,156
3.2.2.4. Interest rate swap sale transactions		1,085,000	62,710,326	63,795,326	1,560,000	38,403,156	39,963,156
3.2.3. Currency, interest rate and security options		2,536,251	4,745,424	7,281,675	247,144	919,172	1,166,316
3.2.3.1. Currency purchase option		1,664,791	1,939,892	3,604,683	143,814	430,420	574,234
3.2.3.2. Currency sale option		871,460	2,805,532	3,676,992	103,330	488,752	592,082
3.2.3.3. Interest rate purchase options		-	-	-	-	-	-
3.2.3.4. Interest rate sale options		-	-	-	-	-	-
3.2.3.5. Security purchase options		-	-	-	-	-	-
3.2.3.6. Security sale options		-	-	-	-	-	-
3.2.4. Currency futures		-	-	-	195,835	186,250	382,085
3.2.4.1. Currency purchase futures		-	-	-	-	186,250	186,250
3.2.4.2. Currency sales futures		-	-	-	195,835	-	195,835
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate purchases futures		-	-	-	-	-	-
3.2.5.2. Interest rate sales futures		-	-	-	-	-	-
3.2.6. Other		8,410,404	62,825,293	71,235,697	8,410,404	21,378,243	29,788,647
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>6,551,262,425</b>	<b>7,947,865,967</b>	<b>14,499,128,392</b>	<b>3,978,687,376</b>	<b>3,684,354,649</b>	<b>7,663,042,025</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>89,655,684</b>	<b>48,710,897</b>	<b>138,366,581</b>	<b>73,978,380</b>	<b>28,612,031</b>	<b>102,590,411</b>
4.1. Customer fund and portfolio balances		5,458,322	-	5,458,322	4,274,226	-	4,274,226
4.2. Securities held in custody		49,974,424	15,941,897	65,916,321	47,305,937	8,853,001	56,158,938
4.3. Checks received for collection		23,408,656	4,620,176	28,028,832	11,974,344	1,763,897	13,738,241
4.4. Commercial notes received for collection		7,705,143	2,408,419	10,113,562	8,327,754	1,406,998	9,734,752
4.5. Other assets received for collection		2,152	536	2,688	2,152	-	2,450
4.6. Securities received for public offering		-	-	-	-	-	-
4.7. Other items under custody		466,829	21,514,783	21,981,612	636,516	10,335,188	10,971,704
4.8. Custodians		2,640,158	4,225,086	6,865,244	1,457,451	6,252,649	7,710,100
<b>V. PLEDGED ITEMS</b>		<b>1,176,944,808</b>	<b>445,151,990</b>	<b>1,622,096,798</b>	<b>775,302,799</b>	<b>312,599,654</b>	<b>1,087,902,453</b>
5.1. Marketable securities		415,988	555,091	971,079	321,148	200,660	521,808
5.2. Guarantee notes		1,435,450	7,150,950	8,586,400	1,153,894	4,085,645	5,239,539
5.3. Commodity		129,796,090	5,966,459	135,762,549	111,710,308	3,495,630	115,205,938
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		879,409,988	363,737,452	1,243,147,440	529,461,764	262,692,582	792,154,346
5.6. Other pledged items		165,412,990	67,579,365	232,992,355	132,138,333	41,983,730	174,122,063
5.7. Depositories receiving pledged items		474,302	162,673	636,975	517,352	141,407	658,759
<b>VI. ACCEPTED GUARANTEES AND WARRANTIES</b>		<b>5,284,661,933</b>	<b>7,454,003,080</b>	<b>12,738,665,013</b>	<b>3,129,406,197</b>	<b>3,343,142,964</b>	<b>6,472,549,161</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>6,763,491,310</b>	<b>8,446,677,417</b>	<b>15,210,168,727</b>	<b>4,147,442,428</b>	<b>3,963,239,507</b>	<b>8,110,681,935</b>

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2021

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

	Notes	Current Period	Prior Period
		January 1, 2021- December 31, 2021	January 1, 2020- December 31, 2020
<b>I. INTEREST INCOME</b>		<b>73,317,046</b>	<b>48,002,021</b>
1.1. Interest on loans	V-IV-1	53,157,911	37,070,419
1.2. Interest received from reserve deposits		906,502	151,349
1.3. Interest received from banks	V-IV-1	32,211	78,338
1.4. Interest received from money market transactions		3,756	3,388
1.5. Interest received from marketable securities portfolio	V-IV-1	18,826,612	10,414,784
1.5.1. Financial assets at fair value through profit or loss		240,985	115,374
1.5.2. Financial assets at fair value through other comprehensive income		9,315,289	4,407,480
1.5.3. Financial assets measured at amortised cost		9,270,338	5,891,930
1.6. Finance lease interest income		360,924	261,703
1.7. Other interest income		29,130	22,040
<b>II. INTEREST EXPENSES</b>	V-IV-2	<b>52,991,621</b>	<b>27,607,459</b>
2.1. Interest on deposits	V-IV-2	31,014,009	16,466,527
2.2. Interest on funds borrowed	V-IV-2	1,901,817	1,508,717
2.3. Interest on money market transactions		13,560,184	4,552,830
2.4. Interest on securities issued	V-IV-2	6,256,561	4,601,930
2.5. Leasing interest income		150,301	137,516
2.6. Other interest expenses		108,749	339,939
<b>III. NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>20,325,425</b>	<b>20,394,562</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>4,255,818</b>	<b>2,984,080</b>
4.1. Fees and commissions received		5,750,870	3,843,383
4.1.1. Non-cash loans		995,209	769,342
4.1.2. Other		4,755,661	3,074,041
4.2. Fees and commissions paid (-)		1,495,052	859,303
4.2.1. Non-cash loans		12,389	6,651
4.2.2. Other		1,482,663	852,652
<b>V. DIVIDEND INCOME</b>	V-IV-3	<b>23,394</b>	<b>17,633</b>
<b>VI. TRADING PROFIT/LOSS (Net)</b>		<b>(4,254,115)</b>	<b>(2,336,832)</b>
6.1. Profit/losses from capital market transactions	V-IV-4	749,372	1,611,005
6.2. Profit/losses from derivative financial transactions	V-IV-4	(6,946,541)	(1,552,660)
6.3. Foreign exchange profit/losses	V-IV-4	1,943,054	(2,395,177)
<b>VII. OTHER OPERATING INCOME</b>	V-IV-5	<b>8,575,813</b>	<b>7,190,168</b>
<b>VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>28,926,335</b>	<b>28,249,611</b>
<b>IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	V-IV-6	<b>11,941,319</b>	<b>11,617,157</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	V-IV-6		

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF PROFIT  
OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2021**

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

	Current Period January 1, 2021- December 31, 2021	Prior Period January 1, 2020- December 31, 2020
<b>PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>I. PROFIT (LOSS)</b>	<b>5,335,696</b>	<b>6,407,380</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>1,539,051</b>	<b>453,443</b>
<b>2.1. Other comprehensive income that will not be reclassified to profit or loss</b>	<b>684,728</b>	<b>317,450</b>
2.1.1. Gains (Losses) on Revaluation of Property, Plant and Equipment	5,740	222,193
2.1.2. Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3. Gains (losses) on remeasurements of defined benefit plans	(65,358)	(94,754)
2.1.4. Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	768,843	204,035
2.1.5. Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(24,497)	(14,024)
<b>2.2. Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	<b>854,323</b>	<b>135,993</b>
2.2.1. Exchange Differences on Translation	451,421	259,352
2.2.2. Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	882,100	28,544
2.2.3. Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4. Income (Loss) Related with Hedges of Net Investments in Foreign Operations	(262,351)	(141,050)
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	(216,847)	(10,853)
<b>III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>6,874,747</b>	<b>6,860,823</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR  
ENDED DECEMBER 31, 2021**

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

	Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss						Current Period Profit or (Loss)	Total Except minority share	Minority Shareholders' Interest	Total Shareholders' Equity		
						1	2	3	4	5	6						
<b>I.</b>																	
Prior Period End Balance		3,905,622	6,303,347	-	(37,820)	888,033	(181,150)	896,713	525,776	1,038,528	(184,408)	26,704,950	6,545,561	-	46,405,152	746,932	47,152,084
Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted Beginning Balance (H1)</b>		<b>3,905,622</b>	<b>6,303,347</b>	<b>-</b>	<b>(37,820)</b>	<b>888,033</b>	<b>(181,150)</b>	<b>896,713</b>	<b>525,776</b>	<b>1,038,528</b>	<b>(184,408)</b>	<b>26,704,950</b>	<b>6,545,561</b>	<b>-</b>	<b>46,405,152</b>	<b>746,932</b>	<b>47,152,084</b>
Total Comprehensive Income		-	-	-	-	4,716	(52,000)	730,807	451,421	665,253	(262,351)	-	-	-	5,165,856	6,703,702	171,045
Capital Increase by Cash Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/Decrease by Other Changes		-	-	-	(72,924)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Profit Distribution</b>		<b>-</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>(80)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(117,724)</b>	<b>297,694</b>	<b>179,970</b>
Dividends paid		-	-	-	-	(80)	-	-	-	-	-	-	-	-	(6,170)	(603)	(6,773)
Transfers to Reserves		-	-	-	-	(80)	-	-	-	-	-	-	-	-	(6,162)	(603)	(6,765)
Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	(8)	-	(8)
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,351</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,351)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Balance (I+II+III+X)</b>		<b>3,905,622</b>	<b>6,303,367</b>	<b>-</b>	<b>(110,744)</b>	<b>892,669</b>	<b>(233,150)</b>	<b>1,627,520</b>	<b>977,197</b>	<b>1,703,781</b>	<b>(446,759)</b>	<b>33,168,288</b>	<b>31,313</b>	<b>5,165,856</b>	<b>52,984,960</b>	<b>1,215,068</b>	<b>54,200,028</b>

- Property & Equipment Revaluation Increase/Decrease
- Defined Benefit Pension Plan Remeasurement Gain/Loss
- Other (Accumulated Amount of the Shares Stated as Other Comprehensive Income Not Reclassified Through Profit or Loss and Components Not Reclassified as Other Profit or Loss of the Investments Valued by Equity Method)
- Translation Differences from Foreign Currency Transactions
- Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income
- Other (Cash Flow Hedge Income/Loss, Accumulated Amount of the Shares Stated as Other Comprehensive Income Reclassified Through Profit or Loss and Components Reclassified as Other Profit or Loss of the Investments Valued by Equity Method)

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR  
ENDED DECEMBER 31, 2020

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

Reviewed December 31, 2020	Notes	Paid in Capital		Share Premium	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss						Current Period Profit or (Loss)	Total SE, Except minority share	Minority Interest	Total Shareholders' Equity
		1	2				3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)				
I.	Prior Period End Balance	2,500,000	723,962	115,979	693,898	(105,972)	697,496	407,474	879,787	(43,358)	23,631,390	3,180,500	-	32,681,156	871,134	33,552,290
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)	2,500,000	723,962	115,979	693,898	(105,972)	697,496	407,474	879,787	(43,358)	23,631,390	3,180,500	-	32,681,156	871,134	33,552,290
IV.	Total Comprehensive Income	-	-	-	193,103	(75,295)	193,366	259,352	17,691	(141,050)	-	-	6,337,453	6,791,620	69,203	6,860,823
V.	Capital Increase by Cash	-	5,579,385	-	-	-	-	-	-	-	-	-	-	6,985,007	-	6,985,007
VI.	Capital Increase by Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital Increase by Internal Resources Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Income Decrease by Other Changes	-	-	-	-	-	-	-	-	-	208,869	(107,701)	-	(62,631)	(193,402)	(246,033)
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	2,864,691	(2,864,691)	-	-	-	-
II.1.	Dividends paid	-	-	-	-	-	-	-	-	-	2,864,691	(2,864,691)	-	-	-	-
II.2.	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.3.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Ending Balance	3,905,622	6,303,347	(37,820)	892,001	(181,267)	892,862	666,826	897,478	(184,408)	26,704,950	208,108	6,337,453	46,405,152	746,935	47,152,087

1. Property & Equipment Revaluation Increase/Decrease  
2. Defined Benefit Pension Plan Remeasurement Gain/Loss  
3. Other (Accumulated Amount of the Shares Stated as Other Comprehensive Income Not Reclassified Through Profit or Loss and Components Not Reclassified as Other Profit or Loss of the Investments Valued by Equity Method)  
4. Translation Differences from Foreign Currency Transactions  
5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income  
6. Other (Cash Flow Hedge Income/Loss, Accumulated Amount of the Shares Stated as Other Comprehensive Income Reclassified Through Profit or Loss and Components Reclassified as Other Profit or Loss of the Investments Valued by Equity Method)

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL  
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF CASH  
FLOW FOR THE YEAR ENDED DECEMBER 31, 2021

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

	Notes	Current Period	Prior Period
		December 31, 2021	December 31, 2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>I.1 Operating profit before changes in operating assets and liabilities (+)</b>		<b>6,339,574</b>	<b>5,117,759</b>
1.1.1 Interest received (+)		69,087,290	39,899,527
1.1.2 Interest paid (-)		(52,314,924)	(27,588,024)
1.1.3 Dividends received (+)		23,394	17,633
1.1.4 Fees and commissions received (+)		6,177,515	4,488,853
1.1.5 Other income (+)		106,937	1,201,365
1.1.6 Collections from previously written off loans and other receivables (+)		3,537,856	4,620,474
1.1.7 Cash payments to personnel and service suppliers (-)		(4,507,169)	(3,734,404)
1.1.8 Taxes paid (-)		(2,794,982)	(2,463,361)
1.1.9 Other (+/-)	V-VI-1	(12,976,343)	(11,324,304)
<b>I.2 Changes in operating assets and liabilities subject to banking operations</b>		<b>21,160,019</b>	<b>59,904,144</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)		(9,006,979)	(5,098,212)
1.2.2 Net decrease (increase) in due from banks (+/-)		(32,816,068)	(28,573,163)
1.2.3 Net decrease (increase) in loans		(68,432,226)	(142,419,565)
1.2.4 Net decrease (increase) in other assets (+/-)		10,155,604	(10,222,523)
1.2.5 Net increase (decrease) in bank deposits (+/-)		10,147,253	12,514,480
1.2.6 Net increase (decrease) in other deposits (+/-)		45,474,978	149,575,049
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 (+/-)		11,211,448	6,313,324
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	V-VI-1	54,426,009	77,814,754
<b>I. Net cash provided from banking operations(+/-)</b>		<b>27,499,593</b>	<b>65,021,903</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities(+/-)</b>		<b>(14,777,230)</b>	<b>(63,480,374)</b>
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures		(100,000)	(86,913)
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures	V-VI-3	-	700
2.3 Cash paid for the purchase of tangible and intangible asset (-)		(2,987,530)	(2,869,989)
2.4 Cash obtained from the sale of tangible and intangible asset (+)		2,062,998	1,084,778
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		(46,100,282)	(78,589,443)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		30,841,426	22,321,668
2.7 Cash paid for the purchase of financial assets at amortised cost (-)		(1,418,048)	(10,980,105)
2.8 Cash obtained from sale of financial assets at amortised cost (+)		2,975,048	5,718,504
2.9 Other (+/-)	V-VI-1	(50,842)	(79,574)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flows from financing activities (+/-)</b>		<b>24,733,195</b>	<b>22,936,449</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		39,559,480	36,069,490
3.2 Cash outflow from funds borrowed and securities issued (-)		(14,440,092)	(19,755,746)
3.3 Equity instruments issued (+)		-	7,000,000
3.4 Dividends paid (-)		(603)	-
3.5 Payments for finance lease liabilities (-)		(385,590)	(377,295)
3.6 Other (+/-)		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>5,935,716</b>	<b>25,608</b>
<b>V. Net increase/decrease in cash and cash equivalents (I+II+III+IV)</b>		<b>43,391,274</b>	<b>24,503,586</b>
<b>VI. Cash and cash equivalents at beginning of the period (+)</b>	V-VI-4	<b>55,596,047</b>	<b>31,092,461</b>
<b>VII. Cash and cash equivalents at end of the period (V+VI)</b>	V-VI-4	<b>98,987,321</b>	<b>55,596,047</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2021**

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

	Notes	Current Period December 31, 2021	Prior Period December 31, 2020
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT</b>			
<b>1.1 CURRENT YEAR'S PROFIT</b>		<b>5,295,721</b>	<b>6,439,273</b>
<b>1.2 TAXES AND LEGAL DUTIES PAYABLE</b>		<b>(1,120,257)</b>	<b>(1,428,817)</b>
1.2.1 Corporate tax (income tax)	V-IV-11	(166,899)	(1,899,145)
1.2.2 Withholding tax		-	-
1.2.3 Other taxes and duties (**)	V-IV-11	(953,358)	470,328
<b>A. NET PROFIT FOR THE YEAR</b>		<b>4,175,464</b>	<b>5,010,456</b>
<b>1.3 DEFERED TAX INCOME TRANSFERRED TO OTHER RESERVES</b>	V-IV-11	-	-
<b>B. NET PROFIT FOR THE YEAR AFTER DEFERRED TAX INCOME</b>		-	-
<b>1.4 ACCUMULATED LOSSES</b>		-	-
<b>1.5 FIRST LEGAL RESERVES</b>	V-V-5	-	<b>250,523</b>
<b>1.6 OTHER STATUTORY RESERVES</b>	V-V-5	-	<b>250,523</b>
<b>C. NET PROFIT AVAILABLE FOR DISTRIBUTION(**)</b>		-	<b>4,509,410</b>
<b>1.7 FIRST DIVIDEND TO SHAREHOLDERS</b>		-	-
1.7.1 To owners of ordinary shares		-	-
1.7.2 To owners of privileged shares		-	-
1.7.3 To owners of redeemed shares		-	-
1.7.4 To profit sharing bonds		-	-
1.7.5 To holders of profit and loss sharing certificates		-	-
<b>1.8 DIVIDENDS TO PERSONNEL</b>		-	-
<b>1.9 DIVIDENDS TO BOARD OF DIRECTORS</b>		-	-
<b>1.10 SECOND DIVIDEND TO SHAREHOLDERS</b>		-	-
1.10.1 To owners of ordinary shares		-	-
1.10.2 To owners of privileged shares		-	-
1.10.3 To owners of redeemed shares		-	-
1.10.4 To profit sharing bonds		-	-
1.10.5 To holders of profit and loss sharing certificates		-	-
<b>1.11 SECOND LEGAL RESERVES</b>		-	-
<b>1.12 STATUS RESERVES</b>		-	-
<b>1.13 EXTRAORDINARY RESERVES</b>	V-V-5	-	<b>4,345,995</b>
<b>1.14 OTHER RESERVES</b>		-	<b>163,415</b>
<b>1.15 SPECIAL FUNDS</b>	V-V-5	-	-
<b>II. DISTRIBUTION FROM RESERVES</b>		-	-
<b>2.1 DISTRIBUTION OF RESERVES</b>		-	-
<b>2.2 SECOND LEGAL RESERVES</b>		-	-
<b>2.3 DIVIDENDS TO SHAREHOLDERS</b>		-	-
2.3.1 To owners of ordinary shares		-	-
2.3.2 To owners of privileged shares		-	-
2.3.3 To owners of redeemed shares		-	-
2.3.4 To profit sharing bonds		-	-
2.3.5 To holders of profit and loss sharing certificates		-	-
<b>2.4 DIVIDENDS TO PERSONNEL</b>		-	-
<b>2.5 DIVIDENDS TO BOARD OF DIRECTORS</b>		-	-
<b>III. EARNINGS PER SHARE</b>		-	-
<b>3.1 TO OWNERS OF ORDINARY SHARES (Earning per 100 shares)</b>		<b>1.0691</b>	<b>1.5408</b>
<b>3.2 TO OWNERS OF ORDINARY SHARES (%)</b>		<b>106.91</b>	<b>154.08</b>
<b>3.3 TO OWNERS OF PRIVILEGED SHARES</b>		-	-
<b>3.4 TO OWNERS OF PRIVILEGED SHARES (%)</b>		-	-
<b>IV. DIVIDEND PER SHARE</b>		-	-
<b>4.1 TO OWNERS OF ORDINARY SHARES</b>		-	-
<b>4.2 TO OWNERS OF ORDINARY SHARES (%)</b>		-	-
<b>4.3 TO OWNERS OF PRIVILEGED SHARES</b>		-	-
<b>4.4 TO OWNERS OF PRIVILEGED SHARES (%)</b>		-	-

(\*) It is the profit distribution table in the unconsolidated financial statements of the Parent Bank.

(\*\*) The amount shown in other taxes and legal liabilities is deferred income/expense tax, and deferred tax income is not subject to profit distribution.

(\*\*\*) As of the report date, distributable net profit of the period is not shown as any decision regarding the 2021 profit distribution is not taken.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021**

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

**SECTION THREE  
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” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated November 1, 2006 and in accordance with the regulations, communiques, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA and Turkish Financial Reporting Standards (“TFRS”) enforced by Public Oversight, Accounting and Auditing Standards Authority (“POA”) and related appendices and interpretations (together referred as BRSA Accounting and Reporting Legislation). 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” and “Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” and amendments to this Communiqué. General board and some regulatory authorities has the authorization to change the legal financial statements after they are published. The Parent Bank maintains its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

The accounting policies and valuation principles applied in the preparation of the consolidated financial statements have been determined and applied by BRSA in accordance with the regulations, communiques, explanations and circulars published in accordance with the accounting and financial reporting principles and if no specific regulation has been made by BRSA, it has been determined and applied according to the principles of TFRS.

The preparation of financial statements according to TFRS requires the use of certain critical estimates on assets and liabilities reported as of balance sheet date and 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. Judgments and estimates are explained in related notes.

Covid-19 virus, which first appeared in China and spread rapidly worldwide in a short time, started to appear in our country in March, 2020. Declared as an epidemic by the World Health Organization, Covid-19 had economic and social impacts worldwide. In order to slow down the epidemic, many measures have been taken, including in our country, to restrict travels around the world, to take quarantine measures, to increase distance work, and various arrangements are made to reduce the economic effects of the epidemic. The Group has explained the effects of Covid-19, which it reflects in the financial statements dated December 31, 2021, in the following sections

Benchmark Rate Reform - Stage 2, which introduces amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 2021, was published in December 2020 and early application of the changes is permitted. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes came into effect from 1 January 2021. Loans given from items indexed to benchmark interest rates in the Parent Bank’s financial statements and securities assets; Securities issued, derivative transactions and loans obtained through repo constitute liabilities. These changes do not have a significant impact on the Parent Bank’s financial position or performance. As of 31 December 2021, the Parent Bank has no hedging transactions based on the benchmark interest rate.

According to the statement declared by POA on January 20, 2022, it has been stated that there is no requirement for entities that apply TFRS to make any adjustments within the scope of TAS 29 Financial Reporting Standard in High Inflation Economies in the financial statements of 2021. In this context, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements as of December 31, 2021.

In the statement declared by the Public Oversight, Accounting and Auditing Standards Authority on January 20, 2022, since the cumulative change in the overall purchasing power of the last three years according to the Consumer Price Index (CPI) is 74.41%, in the financial statements for 2021, TAS 29 Financial Reporting Standard in Hyperinflationary Economies.it is indicated that no adjustments are required.

The accounting policies applied in the current period are in line with the previous period financial statements. The accounting policies followed and the valuation principles used in the preparation of financial statements are presented in detail below.

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

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**ACCOUNTING POLICIES (Continued)**

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

**Additional paragraph for convenience translation to English**

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

**II. STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS AND INFORMATION ON FOREIGN CURRENCY TRANSACTIONS**

**Strategy for the use of financial instruments**

The Parent Bank's core operations are based on retail banking, corporate banking, private banking, foreign exchange operations, money market operations, investment security transactions, and international banking in accordance with the requirements of its economic development while utilizing foundation resources. As a result of the nature of its operations, the Parent Bank intensively utilizes financial instruments. The Parent Bank accepts deposits consisting various maturities as the main source of funding with deposits being in high return as well as carefully utilizing them in high quality financial activities.

The most important fund sources of the Parent Bank other than the deposits are its equity and medium and long-term borrowings obtained from foreign financial institutions. The Parent Bank pursues an effective asset-liability management strategy by securing balance between funding resources and investments so as to reduce risks and increase returns. Accordingly, the Parent Bank attaches great significance to long-term placements bearing higher interest rates.

It is essential to consider the maturity structure of assets and liabilities in liquidity management. The essence of asset liability management is the keep the liquidity risk, exchange rate risk and credit risk within reasonable limits; while enhancing profitability and strengthening the Parent Bank's shareholders' equity.

Investments in marketable securities and lending loans generate higher return than the average rate of return of the Parent Bank's operating activities on the basis of maturity structures and market conditions. When bank placements are considered, they have short term maturity in terms of liquidity management and have lower return. The Parent Bank can take various positions on short-term foreign exchange risk, interest rate risk and market risk in money and capital markets, by considering market conditions, within specified limits set by regulations. The Parent Bank hedges itself and controls its position against the foreign exchange risk being exposed due to foreign currency available-for-sale investments, investments in other portfolios and other foreign currency transactions by various derivative transactions and setting the equilibrium between foreign currency denominated assets and liabilities.

Within the legal limitations and the regulations of The Parent Bank's internal control, the foreign currency position is being followed, the foreign currency position is established according to the basket equilibrium that is determined by taking into account current market conditions.

In order to avoid interest rate risk, assets and liabilities having fixed and floating interest rates are kept in balance, taking the maturity structure into consideration.

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**ACCOUNTING POLICIES (Continued)**

**II. STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS AND INFORMATION ON FOREIGN CURRENCY TRANSACTIONS (Continued)**

**Information on foreign currency transactions**

Foreign currency transactions are recorded in TL which is the functional currency of the Parent Bank. Monetary assets and liabilities denominated in foreign currencies at the balance sheet, are translated into Turkish Lira by using the foreign exchange rates effective at the balance sheet date. Non-monetary foreign currency items which are recorded at fair value are valued at historical foreign exchange rates. Foreign exchange gain/loss amounts due to conversion of monetary items or collection or payments foreign currency denominated transactions are recognized in income statement.

While foreign exchange differences arising from amortized cost values of financial assets that fair value differences' in foreign currency is reflected in other comprehensive income are recognized in the income statement, the exchange differences calculated on unrealized gains and losses are accounted under the "Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss" item in equity.

**III. INFORMATION ON ASSOCIATES THAT ARE CONSOLIDATED AND SUBSIDIARIES THAT ARE ACCOUNTED ACCORDING TO EQUITY METHOD**

In March 24, 2020, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (ESV) shares, which are presented in the paid-in capital of Vakıfbank International AG Turkey Foundations Bank, are purchased by the Bank. Because of the exchange risk arise from the 75.7 Million EUR of Vakıfbank International AG's paid-in capital shares amounting to 100 Million EUR, the fair value hedging strategy has been applied. In this context, 76.8 Million EUR portion of the securities issued by the Bank on 24 April 2019 with a nominal amount of 700 million Euros and the redemption date of 24 April 2024, were determined as hedging instruments. In this transaction, fair value changes related to the investment abroad, which is a hedged item, are reflected in the income statement as long as the hedging transaction is effective. In this context, as of December 31, 2021, the foreign exchange income presented in the income statement is TL 458,639. The effectiveness of the transaction is the degree to balance the changes in the fair value of the hedged item that can be associated with the hedged currency risk by the hedging instrument.

As of December 31, 2021, it was identified that the evaluations that were made about the process to protect from the net investment hedge were effective. Efficiency testing, which is consistent with the Parent Bank's risk strategies, is conducted using the "Dollar off-set method" in the protection from risk process. According to this method, hedging compares the change in value of protection subject from risk with the change in value of protection tool from risk and calculates the relation with the effectiveness ratio of the hedge. The calculated effectiveness ratio is being evaluated within the TAS-39 Financial Instruments: Recognition and Measurement standards and hedge accounting principles are being applied. The Parent Bank documents the hedging strategies along with risk management goals. Hedge accounting ends when protection subject from risk ends or being sold or effectiveness test results are not effective anymore.

**Consolidated subsidiaries**

As at and for the year ended December 31, 2021, the financial statements of T. Vakıflar Bankası T.A.O, Vakıfbank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ have been included in the consolidated financial statements of the Group.

*Vakıfbank International AG*, was established in 1999 to operate in the banking sector in foreign countries, in line with the Bank's globalization policy. Its head office is in Vienna.

*Vakıf Finansal Kiralama AŞ*, was established in 1988 to enter into finance lease operations and related transactions and contracts. Its head office is in Istanbul.

*Vakıf Faktoring AŞ* was established in 1998 to perform factoring transactions and any kind of financing transactions. Factoring, the main operation of the Company, is a financing method that includes the trade receivables of production, distribution and service companies to be sold to intermediary institutions. Its head office is in Istanbul.



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**ACCOUNTING POLICIES (Continued)**

**III. INFORMATION ON ASSOCIATES THAT ARE CONSOLIDATED AND SUBSIDIARIES THAT ARE ACCOUNTED ACCORDING TO EQUITY METHOD (Continued)**

*Vakıf Yatırım Menkul Değerler AŞ* was established in 1996 to provide service to investors through making capital market transactions, issuance of capital market tools, commitment of repurchase and sales, and purchase (repo) and sales (reverse repo) of marketable securities, operating as a member of stock exchange, investment consultancy, and portfolio management. Its head office is in Istanbul.

*Vakıf Gayrimenkul Yatırım Ortaklığı AŞ* was established as the first real estate investment partnership in finance sector under the adjudication of Capital Markets Law in 1996. The Company's main operation is in line with the scope in the Capital Markets Board's regulations relating to real estate investment trusts like, real estates, capital market tools based on real estates, real estate projects and investment on capital market tools. Its head office is in Istanbul.

*Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ* was established in 1991 in Istanbul. The main operation of the Company is to invest on a portfolio including marketable debt securities, equity securities without having managerial power in the partnerships whose securities have been acquired; gold and other precious metals traded in national and international stock exchange markets or active markets other than stock exchange markets, in accordance with the principles and regulations promulgated by Capital Markets Board. Its head office is in Istanbul.

Pursuant to the March 4, 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd., a subsidiary which was subject to consolidation in previous periods, is abrogated due to incompliance with the 7<sup>th</sup> and 9<sup>th</sup> articles of 41/2008 numbered Law of International Banking Units. World Vakıf UBB Ltd. will be liquidated according to May 24, 2010 dated decision of the Nicosia Local Court. Therefore, the financial statements of the company have not been consolidated as at December 31, 2021 and December 31, 2020 but until the liquidation decision date its accumulated previous years' loss has been included in the accompanying consolidated financial statements.

The liquidation process of World Vakıf Off UBB Ltd., an associate of the Parent Bank, has been carried out by NCTR Collecting and Liquidation Office. The application of the company for cancellation of the liquidation has been rejected and the decision of liquidation has been agreed. Thus, the company's name has been changed as "World Vakıf UBB Ltd. in Liquidation".

As per the resolution of the Board of Directors of the Parent Bank held on September 8, 2011, it has been decided to merge Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ with Vakıf Pazarlama Ticaret AŞ with dissolution of Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ without liquidation, in accordance with Mülga Law No: 6762, article 451 of Turkish Commercial Code. Since Vakıf Pazarlama ve Ticaret AŞ is not a financial subsidiary anymore, its financial statements have not been consolidated as at December 31, 2021 and December 31, 2020, but its equity until the merger date has been included in the accompanying consolidated financial statements.

**Investments in associates consolidated per equity method**

As at and for the year ended December 31, 2021, the financial statements of Kıbrıs Vakıflar Bankası Ltd and Türkiye Sınai Kalkınma Bankası AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

*Kıbrıs Vakıflar Bankası Ltd.* was established in 1982 in Turkish Republic of Northern Cyprus, mainly to encourage the credit cards issued by the Bank, and increase foreign exchange inflow, and carry on retail and commercial banking operations. Its head office is in Lefkosa.

*Türkiye Sınai Kalkınma Bankası AŞ* was established in 1950 to support investments in all economic sectors. Its head office is in Istanbul.

In cases where the accounting policies for the preparation of the financial statements of Financial Subsidiaries are different than those of the Parent Bank, the differences have been adjusted to the accounting policies of the Parent Bank, taking the materiality principle into account. The financial statements of local Financial Subsidiaries, and foreign Financial Subsidiaries preparing their financial statements according to the principles of the countries which they are located in, have been adjusted in accordance with Reporting Standards as at the related reporting dates. Inter-company balances and transactions, and any unrealized gains and losses arising from inter-company transactions, are eliminated in preparing these consolidated financial statements.

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**ACCOUNTING POLICIES (Continued)**

**IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS**

The derivative transactions mainly consist of currency and interest rate swaps, precious metals swaps, foreign currency forward contracts and currency options. The Parent Bank has classified its derivative transactions, mentioned above, as "Derivative Financial Assets at Fair Value Through Profit or Loss" in accordance with the "IFRS 9 – Financial Instruments".

Derivatives are initially recorded at their purchase costs. The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

Derivative transactions are valued at their fair values subsequent to their acquisition and in accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss". The fair value differences of derivative financial instruments are recognized in the income statement.

Embedded derivative products are not separated from the articles of association and are accounted according to the standard on which the articles of association are based.

**V. INFORMATION ON INTEREST INCOME AND EXPENSES**

**Banking activities**

Interest income and expenses are recognized using the effective interest method.

Starting from January 1, 2018, the Parent Bank has started accruing interest income on non-performing loans. Net book value of the non-performing loans (Gross Book Value - Expected Credit Loss) are rediscounted through effective interest rate of and recognized through the gross book value of the non performing loan.

**Finance leasing activities**

The total of minimum rent amounts are recorded at finance lease receivables account in gross amounts comprising the principal amounts and interests. The interest, the difference between the total of rent amounts and the cost of the fixed assets, is recorded at unearned income account. As the rents are collected, finance lease receivables account is decreased by the rent amount; and the interest component is recorded in the consolidated statement of income as interest income.

**Factoring operations**

Factoring receivables are initially recorded at their historical costs less transaction costs. They are amortized using the effective interest method, taking their historical costs and future cash flows into account and the amortized amounts are recognized as "other interest income" in the consolidated income statement.

**VI. INFORMATION ON FEES AND COMMISSIONS**

Banking service income is recorded as income when it is collected. Other fee and commission income is transferred to profit/loss accounts according to time period principle on the basis of accrual using the principle of the effective interest method. Fee and commission expenses are recorded as expense at the time they are paid.

Fees and commissions other than those that are an integral part of the effective interest rate of financial instruments measured at amortized cost are accounted in accordance with the IFRS 15 "Revenue from Contracts with Customers" standard.

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**ACCOUNTING POLICIES (Continued)**

**VII. INFORMATION ON FINANCIAL ASSETS**

Group categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

Group recognizes a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by The Parent Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

**Classification and Measurement of Financial Instruments**

According to TFRS 9, the classification and measurement of financial assets is determined according to the business model in which the financial asset is managed and whether it depends on the contractual cash flows that include interest payments only on the principal and principal balances.

**Assessments on whether contractual cash flows include only principal balances and interest payments on the principal**

Within the scope of this evaluation; principal is defined as the fair value of the financial asset when it is first recognized in the financial statements. For the time value of money, interest takes into account the costs (eg liquidity risk and management costs) for the credit risk and other underlying credit risks and profit margin associated with the principal amount over a period of time.

The Parent Bank takes into consideration the contractual terms of the financial asset in the evaluation of the contractual cash flows that only include principal and interest payments on the principal. This includes assessing whether the financial asset includes a contractual condition that could change the timing or amount of contractual cash flows.

While performing the assessment, The Parent Bank fulfills the on-balance sheet classification and measurement criteria by applying the procedures defined in TFRS 9 Financial Instruments including events that may change the amount and timing of cash flows, leverage structure of the financial product, early payment options, contingent interest rate changes and similar conditions.

At the time of initial recognition, each financial asset is classified as a financial asset that is measured at fair value through profit or loss, at amortized cost or at fair value other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit/loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. Equity securities classified as financial assets at fair value through profit/loss are recognized at fair value.

Marketable securities classified as financial assets at fair value through profit or loss are recognized at their fair values.

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**ACCOUNTING POLICIES (Continued)**

**VII. INFORMATION ON FINANCIAL ASSETS (Continued)**

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

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial assets with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Securities representing the share in the capital classified as financial assets at fair value through other comprehensive income are recognized at fair value. Exceptionally, cost may be an appropriate estimation method for determining fair value. This is only possible if there is not enough recent information on the measurement of fair value or if the fair value can be measured with more than one method and the cost reflects the fair value estimation among these methods in the best way.

During initial recognition an entity can choose in an irrevocable was to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

**Financial Assets Measured at Amortized Cost**

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

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

Both "Fair value through other comprehensive income" and "measured at amortized cost" securities portfolio of the Group include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. The estimated inflation rate used is updated as needed within the year.

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**VII. INFORMATION ON FINANCIAL ASSETS (Continued)**

**Derivative Financial Assets**

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

The derivative financial instruments of the Group are classified as Financial assets at fair value through profit and loss in accordance with "TFRS 9 Financial Instruments" (TFRS 9). Liabilities and receivables arising from derivative transactions are recorded in off-balance sheet accounts.

**Loans**

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate (internal rate of return) Method". Loans of The Parent Bank are retained under the "Measured at Amortized Cost" accounts due to holding loans in scope of a business model for the collection of contractual cash flows and contractual terms of loans that leads to cash flows representing solely payments of principal and interest at certain date.

**VIII. INFORMATION ON EXPECTED LOSS PROVISIONS**

As of January 1, 2018, the Parent Bank recognizes provisions for expected loss in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated June 22, 2016 numbered 29750. Expected credit loss model is applied to financial assets measured at amortized cost or financial assets at fair value through other comprehensive income (e.g. placements, loans and leasing receivables), loan commitments and financial guarantee contracts.

The expected credit loss estimates are required to be unbiased, probability-weighted, considering the time value of money and including supportable information about past events, current conditions, and forecasts of future economic conditions.

It is possible to perform the expected credit loss calculations in accordance with TFRS 9, with three main parameters for each loan. Exposure at Default (EAD), Loss Given Default (LGD), Probability of Default (PD).

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**ACCOUNTING POLICIES (Continued)**

**VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)**

**Expected Credit Loss (ECL) Calculation - Input and Forecasting Methodologies**

Exposure at Default (EAD): Represents the amount of risk on the default date of the borrower in case of default. According to TFRS 9 in calculating EAD, the estimation of how customer risk rating changes over time is important. Amount of EAD for cash and non-cash loans are calculated in different ways.

Cash loans are divided into two parts as loans with payment plan and loans without payment plan. For loans with payment plan, EAD is calculated by considering the installments to be paid in the future. For cash loans without payment plan, EAD is calculated by keeping credit balance constant. For non-cash loans and limit commitments EAD is calculated by regarding to credit conversion factor and behavioral maturity periods.

Loss Given Default: The ratio that provides the uncollectable amount of the loans in the process after the default. The LGD ratio is the division of the uncollectable amount of a defaulted loan into the defaulted loan amount. This ratio enables to predetermine the risks in the case of default for the active credit portfolio and allows for provision under TFRS 9. In LGD methodology, all non-performing loans amounts and long term collection process has been taken into account and LGD rate is calculated after deducting net collections amounts from the default amount and discounted with effective interest rates or approximate rate over the net amounts with an approximate value.

For corporate and retail portfolios, different LGD calculations are performed. Since the dragging effect, LGD rates in corporate portfolios are considered on customer basis. For retail portfolios, LGD rates are considered on credit basis. In order to differentiate variable risk characteristics in accordance with TFRS 9, individual and corporate segments are divided into its own LGD ratios according to different risk factors.

Probability of Default (PD): Represents the probability of default of the debtor in a defined time lag in the future.

The models used in PD calculations were developed based on historical data on past and quarterly and non-defaultable loans. PD rates used within the scope of TFRS 9 are calculated separately for each rating model and rating information. In this context, firstly, PD rates are calculated from historical data (through the cycle) from this model and rating values, then lifetime default rate curves are created. These lifetime default rate curves provide the following two basic estimation data in the calculation of expected credit losses as follows:

- 12 Months PD ratio: The probability of default within 12 months from the reporting date estimate
- Lifetime PD ratio: Estimation of the probability of default over the expected life of the financial instrument

The models developed under TFRS 9 have detailed segment structures based on corporate and retail portfolios.

While creating the corporate PD rates, the rating values assigned to the customers as of the date of each rating and the customers who default on the corporate side are considered. Retail portfolios are divided into sub-segments according to product groups and lifetime default rate curves vary according to product groups. By taking into account the periodic PD rates, a PD rate scale is generated on the basis of rating and model code through the cycle.

The relation of all risk parameters with macroeconomic conditions has been tested and it has been determined that macroeconomic conditions have an effect on the probability of default. In this context, macroeconomic forecasts are taken into account in changing the probability of default.

Different macroeconomic models have been created for the retail portfolio and commercial portfolio, and macroeconomic forecasts affect the expected loss provision calculations in two separate scenarios, base and bad. The scenario weights used in the calculation of the "Expected Credit Loss Provision" were reconsidered in the year of 2020 and the weight of negative scenario was increased and adjustments were made in macroeconomic estimates in order to reflect the effects of Covid-19. The same approach has been continued in 2021. The future macroeconomic expectations taken into account into TFRS 9 are in line with the Bank's current budget and ISEDES forecasts.

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**ACCOUNTING POLICIES (Continued)**

**VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)**

In the calculation of expected credit loss in accordance with TFRS 9, certain part of commercial and corporate loans are subject to individual assessment on a customer basis in accordance with internal evaluations. The models and methodologies used for TFRS 9 are evaluated at least once a year by the teams responsible for the model and methodology for their accuracy and suitability. The models and other issues that were created within the scope of TFRS 9 and which need to be updated in 2020 were revised and reflected in financial statements of December 2021.

Macroeconomic forecasts and risk delinquency data used in risk parameter models are re-evaluated every quarter to reflect changes in economic conjuncture and are updated if needed.

The maximum period to determine the expected credit losses except for demand and revolving loans is up to the contractual life of the financial asset.

**Staging**

Financial assets are divided into the following three categories based on the increase in the credit risks observed since the initial acquisition:

**Stage 1:**

Financial assets that do not have a significant increase in the credit risk at the first time they are received in the financial statements or after the first time they are taken to the financial statements. For these assets, credit risk impairment provision is accounted for 12 months expected credit losses. The Parent Bank applies the expected 12-month default probabilities to the estimated default amount and multiplies with the loss given default and downgrades to the present day with the original effective interest rate of the loan. For these assets, an expected 12-month credit loss is recognized and interest income is calculated over the gross carrying amount. 12-month expected credit loss is the loss arising from possible risks in the first 12 months following the reporting date.

**Stage 2:**

A financial asset is transferred to stage 2 in the event that there is a significant increase in the credit risk after the first time the financial asset is taken in the financial statements. The Parent Bank determines the credit risk impairment provision of the financial asset according to lifetime expected credit loss. Lifetime expected credit losses are credit losses arising from all events that may occur during the expected life of the financial asset. The probability of default, and loss given default are estimated over the life of the loan including the use of multiple scenarios. Expected cash flows are discounted using the original effective interest rate.

**Stage 3:**

Stage 3 includes financial assets with objective evidence of impairment as of the reporting date. Lifetime expected credit loss is recorded for these assets. The Parent Bank's methodology for loans at this stage is similar to loans classified in Stage 2, but the probability of default is considered 100%. Loss given default is calculated considering the period the loan waits in the non-performing loans and an aging curve formed from the historical data.

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**ACCOUNTING POLICIES (Continued)**

**VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)**

**Significant Increase in Credit Risk**

The Standart requires the assessment of whether there is a significant increase in the credit risk of financial assets by the date of initial recognition based on the information available without excessive effort and cost as of the reporting date. The factors that show a significant increase in credit risk under TFRS 9 are as follows:

Past Due Date; significant increase in the credit risk since the granting date in the case of loans overdue more than 30 days.

Restruction: Classification of financial assets under the stage2 as a result of the emergence of privileges and financial difficulties in the case of restructuring of financial receivables.

Qualitative Criteria: Implementation of set of qualitative criteria set by The Parent Bank in accordance with the information obtained.

Quantitative Criteria: As of the reporting date, the default risk for the borrower and the default risk as of the date of the initial allowance are compared with the change in the grade / score information as a result of the application of statistically determined threshold values.

The Parent Bank has accounted for the effect of applying the new provisions at the date of January 1, 2018 by recording a reversal in the opening records of previous years' profit and loss accounts. The primary impact is due to changes in the allowance for credit losses in accordance with the new impairment provisions and the tax effects of the corresponding provisions.

Referring to the BRSA's decision numbered 8970 dated March 27, 2020, within the scope of the measures taken for COVID-19, the Parent Bank will be able to stage 2 loans within the scope of Article 4 of the Regulation on Classification of Loans and Provisions to be Set aside, effective from March 17, 2020. The 30-day delay period foreseen for the classification in stage 1 started to be applied as 90 days for the loans followed in the stage 1 and continued to calculate the expected credit loss provision for these loans according to their own risk models. With the BRSA's decision dated September 16, 2021 and numbered 9795, it has been decided to terminate the application as of the end of September 30, 2021 but as of October 1, 2021, for loans with a delay period of more than 91 days and not exceeding 180 days, the related application will be continued in the same way by the banks.

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**ACCOUNTING POLICIES (Continued)**

**VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)**

**Default Definition**

The Parent Bank takes into account the requirements of TFRS 9 and the relevant BRSA in order to determine the default situation in accordance with the definition of default and its indicators included in the Communiqué on the Calculation of Provisions Regulation and the Amount Based on the Internal Risk Based Approach of the Credit Risk.

In terms of the default definition, the bank has set the following criterias;

- Over 90 days delayed collection of principal and / or interest amount,
- The customer has been bankrupt or has been found to apply for bankruptcy,
- The customer's creditworthiness is impaired,
- It is decided that the principal and / or interest payments of the borrower will be delayed by more than 90 days since the collaterals and / or borrower's own funds are insufficient to cover the payment of the receivables at maturity,
- It is decided that the principal and / or interest payments of the customer will be delayed by more than 90 days due to macroeconomic, sector specific or customer specific reasons.

Within the scope of the measures taken for COVID-19, the Bank pursuant to the decision of the BRSA dated March 27, 2020 and numbered 8970, as of March 17, 2020, the 90-day delay period stipulated for the classification of non-performing loans within the scope of Articles 4 and 5 of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Set aside for These, will be applied as 180 days and for these loans, continued to calculate the expected credit loss allowance based on its own risk models. With the BRSA's decision dated September 16, 2021 and numbered 9795, it has been decided to terminate the application as of the end of September 30, 2021, but as of October 1, 2021, for loans with a delay period of more than 91 days and not exceeding 180 days, the related application will be continued in the same way by the banks.

**Write off Policy**

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as “Group V Loan” (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. In accordance with the amendment in the related regulation on provisions, the deduction of loans from the records is an accounting practice and does not result in the right to waive. In the current period, a write-off transaction has been made for non-performing loans in the amount of TL 834,885 for which 100% provision has been made. (31 December 2020: TL 890,789.)

**Asset Sales Policy**

Banks that are directly or indirectly owned by the public or banks that are controlled by the public and financial institutions qualified as subsidiaries to these Banks can sell non-performing loans to asset management companies. As of December 31, 2021 and December 31, 2020 there are no transactions of this nature at the Parent Bank.

**IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS**

Financial assets and liabilities are reported in the balance sheet as net amount in the cases of the Parent Bank's right and right to sanction to finalize and have the intention to receive/pay related financial asset or liability over the recognized amount or have the right to finalize the related asset and liability simultaneously.

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**ACCOUNTING POLICIES (Continued)**

**X. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING**

Securities sold under repurchase agreements (“repo”) are classified under “Financial Assets at Fair Value through Profit or Loss”, “Financial Assets at Fair Value through Other Comprehensive Income” and/or “Financial Assets Measured at Amortised cost” portfolios according to their holding purposes in The Parent Bank's portfolio, and they are valued based on the revaluation principles of the related portfolios. Funds received through repurchase agreements are classified in balance sheet under “Money Market Funds” and the related interest expenses are accounted on an accrual basis of balance sheet date.

Securities purchased under resale agreements (“reverse repo”) are classified in balance sheet under “Receivables from Money Markets”. The income accrual is calculated for the securities purchased under resale agreements via the difference between buying and selling prices on the balance sheet date.

**XI. INFORMATION ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES**

As per TFRS 5 - “Non-current Assets Held for Sale and Discontinued Operations”, a fixed asset classified as an asset kept for sales purposes (or a group of fixed assets to be disposed of) is measured with either its book value or fair value less costs to sell (with the lower one).

A discontinued operation is a part of the Group's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Group has no discontinued operations.

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

As of the balance sheet date, there is no goodwill in the financial statements of the Parent Bank. The difference between the values of net assets in the financial statements prepared as of the date of the change of shares in the real estate project in which Vakıfbank Gayrimenkul Yatırım Ortaklığı AŞ, which is a subsidiary of the Parent Bank, participates and fair value of the project partnership are classified under Intangible Assets - Goodwill Arising from Purchasing Accounting. As of December 31, 2021, the goodwill amount is TL 14,631 (December 31, 2020: TL 14,631)

The Group's intangible assets consist of software. Intangible assets are initially recorded at their costs in compliance with the TAS 38 - *Intangible Assets*.

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortized based on straight line amortization.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 - *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

Estimated useful lives of the Parent Bank's intangible assets are 3-15 years, and amortization rates are between 6.67% and 33.33%.

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**ACCOUNTING POLICIES (Continued)**

**XIII. INFORMATION ON TANGIBLE ASSETS**

The costs of the tangible assets purchased before December 31, 2004 are restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. In subsequent periods no inflation adjustment is made for tangible assets, and costs which are restated as of December 31, 2004 are considered as their historical costs. Tangible assets purchased after January 1, 2005 were recorded at their historical costs after foreign exchange differences and financial expenses are deducted if any. The Group decided to pursue the properties for use according to their fair values in terms of separating the land and buildings within the context of TAS 16 “Turkish Accounting Standard on Property, Plant and Equipment” after the change in the accounting policy as of September 30, 2015.

Gains and losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and is recognized in the income statement of the period.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets. Depreciation rates of tangible assets and estimated useful lives are:

<b>Tangible assets</b>	<b>Estimated useful life (years)</b>	<b>Depreciation rate (%)</b>
Buildings	50	2
Office equipment, furniture and fixture, and motor vehicles	5-10	10-20
Assets obtained through finance leases	4-5	20-25

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods.

At each reporting date, the Group evaluates whether there is objective evidence of impairment on its assets. If there is an objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the TAS 36 - Impairment of Assets and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

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**ACCOUNTING POLICIES (Continued)**

**XIV. INFORMATION ON LEASING ACTIVITIES**

The difference between operating leases and financial leases has been eliminated with the “IFRS 16 Leases” effective as of January 1, 2019, and on the transition date, the Group has applied the simplified transition approach and elected not to restate comparative figures. The group operates as a lessee and lessor.

The Parent Bank started to apply the “IFRS 16 Leases” standard which went into effect on January 1, 2019 to leases of service buildings and car rentals. However ATMs which are determined as low value by the Parent Bank and short term lease contracts with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard. The payments for these contracts are recorded as expense in the period they occurred.

In accordance with “IFRS 16 Leases” standard, the Group calculates the “right to use” amount on the basis of the present value of the lease payments of the fixed asset leased at the beginning of the lease and includes them in “tangible fixed assets”. The securities/properties having a right to use were capitalised by showing them under property, plant and equipment. In calculating assets having a right to use, outstanding rent amounts were discounted by a specific rate, considering the remaining term of the lease contract signed with the property owner, to determine net present value.

Instead of recognising leases in the scope of the “IFRS 16 Leases” standard as expenses or prepaid expenses, the Group recognised the total lease liabilities to be paid by the end of the lease contract as “Lease Payables” under liabilities on the balance sheet. Changes that may impact the lease liability are remeasured and included in the balance sheet accounts.

Monthly interest and depreciation are calculated on the net present value based on the period of the lease contract, and are recognised on the income statement.

Footnotes on right-of-use assets and liabilities are presented in Note 5, Part II of Section V.

**XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND ASSETS**

Provisions and contingent liabilities are accounted in accordance with TAS 37 “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets”.

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as at the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Parent Bank to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of unplanned or unexpected one or more uncertain future events not wholly within the control of 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 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 of the period in which the change occurs. If an inflow of economic benefits has become probable, the Parent Bank discloses the contingent asset.

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**ACCOUNTING POLICIES (Continued)**

**XVI. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS**

**Reserve for employee termination benefits**

In accordance with existing Turkish Labor Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at December 31, 2021 is TL 8,285 (full TL) (December 31, 2020: TL 7,117 (full TL)).

The Group uses actuarial method to calculate severance indemnity provision in accordance with TAS 19 - Employee Benefits.

As of December 31, 2021, and December 31, 2010, actuarial estimates used are

	<b>Current Period – December 31, 2021</b>	<b>Prior Period – December 31, 2020</b>
Discount Rate	%18.45	%12.80
Estimated Inflation Rate	%15.00	%9.50
Increase in Real Wage Rate	%16.00	%10.50

**Other benefits to employees**

The Group has provided provision for undiscounted other employee benefits earned during the financial period (unused vacations, premium and dividend) as per services rendered in compliance with TAS 19 in the accompanying consolidated financial statements.

In accordance with TAS 19, the Parent Bank recognizes actuarial gains and losses generated in related reporting periods in equity.

**Pension fund**

The employees of the Parent Bank are the members of "Türkiye Vakıflar Bankası Türk Anonim Ortaklığı Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı" ("the Fund") established on May 15, 1957 as per the temporary article no. 20 of the Social Security Law no. 506.

As part of Social Security Law's 506 numbered, temporary article no.20, monthly income or salary is eligible for whose disabled with fund's associates, senility and death insurance is subjected according to the first paragraph of the temporary article no. 23 which states the Banks should transfer pension funds to the Social Security Institution within three years after the November 1, 2005 dated and 25983 numbered Official Gazette, has been cancelled by the Constitutional Court's March 22, 2007 dated and 2007/33 numbered decision. Reasoned ruling of the Constitutional Court has been issued on December 15, 2007 in the Official Gazette no. 26731. The reason for the cancellation decision by Constitutional Court was stated as possible future losses on acquired rights of Fund members.

Following the publication of the ruling, the Turkish Parliament started to work on new legal arrangements and the Social Security Law no. 5754 ("the Law") has been approved on April 17, 2008. The Law is enacted by the approval of the President of Turkey and issued on the May 8, 2008 dated and 26870 numbered Official Gazette.

In accordance with the temporary article no. 20 of the Article no. 73 of the Law;

The discounted liability for each fund in terms of the persons transferred as at the transfer date, including the contributors left the fund, should be calculated by the assumptions below,

- The technical interest rate to be used for the actuarial calculation is 9.80%.
- Income and expenditures in respect to fund's insurance division are considered in the calculation of discounted liability.

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**ACCOUNTING POLICIES (Continued)**

**XVI. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS  
(Continued)**

Law requires the transfer to be completed in three years beginning from January 1, 2008. The three year period has expired on May 8, 2011; however, it has been extended to May 8, 2013 with the decision of Council of Ministers published in Official Gazette dated April 9, 2011. Before the expiration date, with the decision of Council of Ministers published in Official Gazette dated May 3, 2013, the period for transferring banks, insurance and reinsurance firms, board of trade, exchanges or participants, monthly salary paid individuals and beneficiaries of the funds that are constructed for their personnel to Social Security Institution in the scope of the temporary article no. 20 of the Social Security Law no. 506 published in Official Gazette dated April 30, 2014 extended for one year. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated April 23, 2015 numbered 29335. "Council of Ministers" expression in "Council of Ministers is authorized to determine the date of transfer to the Social Security Institution" stated in provisional article 20 of Social Insurance and Universal Health Insurance Law No. 5510 is replaced with the "President" pursuant to the paragraph (I) of Article 203 of Statutory Decree No. 703 promulgated in repeated Official Gazette No. 30473, dated 09 July 2018.

The employer of pension fund participants (the Banks) will continue to pay the non-transferable social rights, which are already disclosed in the article of association of the pension fund, to the pension participants and their right owners, even though the salary payment obligation has been transferred to the Social Security Foundation.

The technical financial statements of the Fund are audited by the certified actuary according to the "Actuaries Regulation" which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the current period actuarial report in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against as at December 31, 2021.

**XVII. INFORMATION ON TAXATION**

**Corporate tax**

Corporate tax rate is 20% in Turkey according to Article 32 of the Corporate Taxes Law No. 5520. However, with the "Law On The Procedure Of Collection Of Public Receivables And The Law On Amendments To Some Laws" No. 7316 published in the Official Gazette dated April 22, 2021, this rate will be applied at a rate of 25% for 2021 and 23% for 2022 revenues. Accordingly, the corporate tax rate of 20% was applied in the first temporary tax period of 2021 and 25% from the second temporary tax period. This rate is applied to total income of the Bank adjusted for certain disallowable expenses, exempt income and any other allowances.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Except for the dividend payments to these institutions, the withholding tax rate on the dividend payments is 10%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax. No further tax is paid if the profit is not distributed.

75% of the profit from sales of associate shares that held at least 2 years and 50% of the profit from sales of real estates are exceptional from corporate taxes if there is a capital increase according to Corporate Tax Law or it is hold for 5 years on a special fund account. The Parent Bank follows these profits in "Other profit reserves" under the equity.

50% revenue of the sales from the firms that follows up for their debts and their guarantors' and mortgagor' properties, associate shares, founder shares, redeemed shares and privileges are exceptional from the corporate taxes.

Advance tax that is calculated with the current rate through profit from quarterly period has to be declared on the 17th day and paid until the 17th night of the second following month after the period end. Advance taxes paid during the year are set off on corporate tax which is calculated in yearly corporate tax return for that year. In the case of excess amount of advance tax, the amount can be reimbursed in cash or be set off to other financial debts.

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**ACCOUNTING POLICIES (Continued)**

**XVII. INFORMATION ON TAXATION (Continued)**

According to tax legislation, financial losses which are not exceed over 5 years can be deducted from profit of the company. Losses cannot be set off from retained earnings.

There is no procedure in Turkey that provides the opportunity to come to a mutual agreement with the tax authorities about tax due. Corporate tax return declared until the evening of the last day of the fourth month following the end of the accounting period. Firms that allowed to analyze taxes, can examine the accounting records within five years and change the tax amount if there is a wrong transaction.

As the end of 2021 calendar year, the necessary conditions for inflation adjustment have been fulfilled in the calculation of corporate tax, within the framework of the repetitive provision of Article 298/A of the Tax Procedure Law. However, with the regulation made with the "Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law" numbered 7352 published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. Accordingly, TPL financial statements for the 2021 and 2022 accounting periods including the provisional tax periods will not be subject to inflation adjustment, 2023 accounting period will not be subject to inflation adjustment as of the temporary tax periods and it will be subject to inflation adjustment regardless of whether the TPL financial statements inflation adjustments conditions have been met.

**Corporation tax legislation for the foreign branches**

***Bahrain***

The Parent Bank's branch that is operating in Bahrain is nontaxable because there is no corporate tax practice in that country. Bahrain Branch's income is added to headquarters income and it is taxed in Turkey according to Law No. 5520 on Corporate Tax Laws published in the Official Gazette dated June 5, 2012, numbered B.07.1.GİB.4.99.16.02-KVK-5/1-b-128.

***Erbil***

The Parent Bank's branch that is operating in Erbil is taxable according to the country's law legislation. Declaration of financial records and their tax payments are differ from cities that are related to centralized government and cities that are related to North Iraq. On the other hand, North Iraq tax administrations can impute taxes rather than the designated rates.

***New York***

The Parent Bank's branch that is operating in New York is taxable according to state law legislation and country law legislation. Double Tax Treaty Agreements is stated for being taxed in Turkey.

***Qatar***

The branch of the Parent Bank operating in Qatar is taxed according to the legislation of this country. Since the branch is located in the Qatar Financial Center, there is a withholding tax exemption. In addition, although the branch is subject to the corporate tax of the relevant country, the Double Taxation Agreements signed between the two countries are based.

**Deferred taxes**

According to the TAS 12 - Income Taxes; deferred tax assets and liabilities are recognized, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, and initial recognition of assets and liabilities which affect neither accounting nor taxable profit. The delayed tax debt or assets is determined by calculating the "taxable temporary differences" between the assets' and debts' book values versus the values on the legal tax base accounts. According to tax legislation, differences that do not affect the financial or commercial profit of the assets or liabilities at the acquisition date are excluded from these calculations.

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**ACCOUNTING POLICIES (Continued)**

**XVII. INFORMATION ON TAXATION (Continued)**

For the deferred tax assets and liabilities calculated within the scope of TAS 12, deferred tax calculations were made by considering the enacted rates (25%, 23%, 20%) in accordance with the terms specified in the tax legislation as of the end of the reporting period.

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.

Deferred taxes' book value is revised in every balance sheet date. If there is a condition met, where no possible taxable profit could be generated in case of a full or partial deferred tax asset benefit could be enabled by the Parent Bank, the book value of the deferred tax asset will be decreased.

Calculated deferred tax assets and deferred tax liabilities are shown net in the financial statements only if the Bank has a legal right to offset current tax assets with current tax liabilities and deferred tax assets and liabilities are related to the income tax of the same taxable entity.

In case valuation differences resulting from the subsequent measurement of the items are recognized in the statement of income, then the related current and or deferred tax effects are also recognized in the statement of income. On the other hand, if valuation differences are recognized in shareholders' equity, then the related current or deferred tax effects are also recognized directly in the shareholders' equity.

**Transfer Pricing**

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated November 18, 2007 sets details about implementation.

Pursuant to the relevant Communiqué, if a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

**XVIII. INFORMATION ON CASH AND CASH EQUIVALENT**

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 of the Republic of Turkey (CBRT); and cash equivalents include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

**XIX. ADDITIONAL INFORMATION ON BORROWINGS**

The Parent Bank provides funding resources such as syndication and securitization transactions in case of need. In the current period, the Parent Bank has started to obtain funds through domestic and international bonds and bills since August 2011.

These transactions are initially recognized at acquisition costs at the transaction date and are subsequently measured at amortized cost using effective interest method.

The Parent Bank is not hedging about debt instruments.



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**ACCOUNTING POLICIES (Continued)**

**XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES**

The shares of the Parent Bank having nominal value of TL 322,000, representing the 25.18% of the Parent Bank's outstanding shares, was publicly offered at a price between TL 5.13-5.40 for each share having a nominal value of TL 1 on November 2005, and TL 1,172,347 was recorded as "Share Premiums" in shareholders' equity. TL 448,429 of this amount has been utilized in capital increase on December 19, 2006.

With the decision of the Bank's Board of Directors dated May 11, 2020, it has been decided to increase the paid in capital of TL 2,500,000 provided that it remains within the registered capital ceiling, by completely restricting the pre-emptive rights of the current shareholders and by increasing cash capital increase, which will generate a total sales revenue of TL 7,000,000 in total. Within the framework of the relevant legislation of the Capital Markets Board, the Banking Regulation and Supervision Agency and the Procedure for Borsa İstanbul's Wholesale Purchase and Sales Transactions, all of the shares to be issued due to the capital increase, are set to be transferred to Turkey Wealth Fund, without public offering and by private placement.

In the special circumstances disclosure published by the Parent Bank on May 15, 2020, it was announced that the sales price of the shares to be issued was determined as 4.98 TL for a share with a nominal value of 1 TL, and the issued capital due to capital increase will be increased from TL 2,500,000 to TL 3,905,622.

In 20 May 2020 the shares with a nominal value of TL 1.405,622 issued by the Parent Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the same date, the shares were sold to Turkey Wealth Fund through the wholesale transaction method in stock market and the capital increase transactions have been completed and the amount of 5,579,359 TL was recorded as share premium.

**XXI. INFORMATION ON CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES**

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. As at the balance sheet date, there are no acceptances recorded as liability in return for assets.

**XXII. INFORMATION ON GOVERNMENT INCENTIVES**

As at December 31, 2021, Vakıf Finansal Kiralama AŞ, a consolidated subsidiary of the Group, has unused investment incentives amounting to TL 36,609 (December 31, 2020: TL 150,852).

**XXIII. INFORMATION ON SEGMENT REPORTING**

An operating segment is a component of an entity:

-That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

-Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

-For which discrete financial information is available.

Segment reporting was selected as a fundamental section reporting method considering Bank's risk and return structure and key sources which is disclosed in Section 4 Note X.

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**ACCOUNTING POLICIES (Continued)**

**XXIV. OTHER MATTERS**

**Earnings per shares**

Earnings per share has been calculated by dividing the net profit for the period to weighted average of outstanding shares. In Turkey, the companies may perform capital increase ("Bonus Shares") from retained earnings. In earning per share computation bonus shares are treated as issued shares.

As at and for the year ended December 31, 2021, earnings per 100 shares are full TL 1.3662 (December 31, 2020: full TL 1.8986).

**Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Shareholders, top executives and board members are accepted as related party personally, with their families and companies according to TAS 24 - Related Party Disclosures Standard. Transactions made with related parties are disclosed in Section 5 Note VII.

**Classifications**

In the profit or loss statement of the Bank dated December 31, 2021, a netting has been made between "Other Operating Expenses" and "Other Operating Income" in line with the write-off policy, and the comparative previous periods of the relevant period profit or loss statement have been shown in line with the current period.

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SECTION FOUR

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS

Total Capital amount and Capital Adequacy Standard Ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

Additionally, the recent revision changes considered are as follows:

In accordance with the BRSA regulation dated December 21, 2021 and numbered 9996, in the calculation of the amount subject to credit risks, simple arithmetic average of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date is taken into consideration.

In accordance with the BRSA's regulation dated December 21, 2021 and numbered 9996, prior to this date used in the calculation of the capital adequacy ratio, the equity amount calculated omitting the negative valuation differences related to the securities in the portfolio "Securities at fair value through other comprehensive income".

As of December 31, 2021 Group's equity amount TL 81,950,359 (December 31, 2020: TL 66,178,344) and capital adequacy ratio is 14.72 % (December 31, 2020: 16.05 %).

Information about the consolidated shareholder equity items

Current Period - December 31, 2021	Amount	Amount as per the regulation before 1/1/2014(*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital to be entitled for compensation after all creditors	3,905,622	-
Share Premium	6,303,367	-
Reserves	33,168,288	-
Income recognized under equity in accordance with TAS	6,793,706	-
Profit	5,197,169	-
Current Period's Profit	5,165,856	-
Prior Period's Profit	31,313	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	(110,744)	-
Minority shares	1,213,157	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>56,470,565</b>	-
<b>Deductions from Common Equity Tier 1 Capital</b>		
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-	-
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	403,675	-
Leasehold Improvements on Operational Leases	184,453	-
Goodwill netted with deferred tax liability	14,631	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	282,664	282,664
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	-	-
Communique 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	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
The amount to be deducted from common equity tier 1 capital	-	-
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>885,423</b>	-
<b>Common Equity Tier 1 capital (CET1)</b>	<b>55,585,142</b>	-
<b>Additional Tier 1 capital: instruments</b>		
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	15,638,650	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Additional Tier 1 capital	-	-
Third parties' share in the Additional Tier 1 capital (Temporary Article 3)	-	-
<b>Additional Tier 1 Capital before deductions</b>	<b>15,638,650</b>	-
<b>Deductions from Additional Tier 1 Capital</b>		
Bank's direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share	-	-
Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Current Period- December 31, 2021	Amount	Amount as per the regulation before 1/1/2014(*)
<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 (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
<b>Total Deductions from Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier 1 capital (AT1)</b>	<b>15,638,650</b>	<b>-</b>
<b>Total Tier 1 Capital (Tier 1 Capital+Common Equity+Additional Tier 1 Capital)</b>	<b>71,223,792</b>	<b>-</b>
<b>TIER 2 CAPITAL</b>		
Bank's borrowing instruments and related issuance premium	4,299,907	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Tier II Capital -	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	1,911	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	6,435,542	-
<b>Tier 2 Capital Before Deductions</b>	<b>10,737,360</b>	<b>-</b>
<b>Deductions From Tier 2 Capital</b>		
Bank's direct or indirect investment in Tier 2 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	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-
Other Items Determined by BRSA (-)	-	-
<b>Total Deductions From Tier 2 Capital</b>	<b>-</b>	<b>-</b>
<b>Tier 2 Capital</b>	<b>10,737,360</b>	<b>-</b>
<b>Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)</b>	<b>81,961,152</b>	<b>-</b>
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)</b>		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	10,793	-
Other items to be defined by the BRSA (-)	-	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
<b>TOTAL CAPITAL</b>		
Total Capital	81,950,359	-
Total Risk Weighted Amounts	556,845,097	-
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated Core Capital Adequacy Ratio (%)	9.98	-
Consolidated Tier 1 Capital Adequacy Ratio (%)	12.79	-
Consolidated Capital Adequacy Ratio (%)	14.72	-
<b>BUFFERS</b>		
Total buffer requirement (a+b+c)	3.515	-
a) Capital conservation buffer requirement (%)	2.500	-
b) Bank specific counter-cyclical buffer requirement (%)	0.015	-
c) Systemically important banks buffer requirement (%)	1.000	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5.48	-
<b>Amounts below deduction thresholds</b>		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
<b>Limits related to provisions considered in Tier 2 calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	12,249,919	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	6,435,542	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

(\*) Represents the amounts taken into consideration according to transition clauses

(\*\*) According to the "Regulations on Systemically Important Banks" 4th paragraph of Article 4, the "systemically important banks buffer requirement (%)" is to be filled by the systemically important banks that are not obligated to prepare consolidated financial statements and should be reported as zero for by the other banks.

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)**

	Amount	Amount as per the regulation before 1/1/2014(*)
<b>Prior Period - December 31, 2020</b>		
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital to be entitled for compensation after all creditors	3,905,622	-
Share Premium	6,303,347	-
Reserves	26,704,950	-
Income recognized under equity in accordance with TAS	3,195,394	-
Profit	6,545,561	-
Current Period's Profit	6,337,453	-
Prior Period's Profit	208,108	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	(37,820)	-
Minority shares	745,159	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>47,362,213</b>	-
<b>Deductions from Common Equity Tier 1 Capital</b>	-	-
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-	-
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	176,087	-
Leasehold Improvements on Operational Leases	187,151	-
Goodwill netted with deferred tax liability	14,631	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	256,205	256,205
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	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
The amount to be deducted from common equity tier 1 capital	-	-
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>634,074</b>	-
<b>Common Equity Tier 1 capital (CET1)</b>	<b>46,728,139</b>	-
<b>Additional Tier 1 capital: instruments</b>	-	-
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	11,397,014	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Additional Tier 1 capital -	-	-
Third parties' share in the Additional Tier 1 capital (Temporary Article 3)	-	-
<b>Additional Tier 1 Capital before deductions</b>	<b>11,397,014</b>	-
<b>Deductions from Additional Tier 1 Capital</b>	-	-
Bank's a direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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**I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)**

	Amount	Amount as per the regulation before 1/1/2014(*)
<b>Prior Period- December 31, 2020</b>		
<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 (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
<b>Total Deductions from Additional Tier 1 capital</b>	<b>11,397,014</b>	-
<b>Total Additional Tier 1 Capital</b>	<b>58,125,153</b>	-
<b>Tier 2 CAPITAL</b>		
Bank's borrowing instruments and related issuance premium	3,271,420	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	325,763	-
Third parties' share in the Tier II Capital -	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	1,776	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	4,791,107	-
<b>Tier 2 Capital Before Deductions</b>	<b>8,064,303</b>	-
<b>Deductions From Tier 2 Capital</b>	-	-
Bank's direct or indirect investment in Tier 2 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	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-
Other Items Determined by BRSA (-)	-	-
<b>Total Deductions From Tier 2 Capital</b>	<b>8,064,303</b>	-
<b>Tier 2 Capital</b>	<b>66,189,456</b>	-
<b>Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)</b>	<b>124,917,589</b>	-
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)</b>	<b>124,917,589</b>	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	11,112	-
Other items to be defined by the BRSA (-)	-	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
<b>TOTAL CAPITAL</b>		
Total Capital	66,178,344	-
Total Risk Weighted Amounts	412,226,342	-
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated Core Capital Adequacy Ratio (%)	11.34	-
Consolidated Tier 1 Capital Adequacy Ratio (%)	14.10	-
Consolidated Capital Adequacy Ratio (%)	16.05	-
<b>BUFFERS</b>		
Total buffer requirement (a+b+c)	3.516	-
a) Capital conservation buffer requirement (%)	2.500	-
b) Bank specific counter-cyclical buffer requirement (%)	0.016	-
c) Systemically important banks buffer requirement (%)**	1.000	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	6.84	-
<b>Amounts below deduction thresholds</b>		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
<b>Limits related to provisions considered in Tier 2 calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	8,777,846	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	4,791,107	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

(\*) Represents the amounts taken into consideration according to transition clauses.

(\*\*) According to the "Regulations on Systemically Important Banks" 4th paragraph of Article 4, the "systemically important banks buffer requirement (%)" is to be filled by the systemically important banks that are not obligated to prepare consolidated financial statements and should be reported as zero for by the other banks.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)  
I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio

Current Period - December 31, 2021

Issuer	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	XS0849728190 / US90015NAB91	XS1551747733 / US90015WAE30	TRSVKFB92719	TRSVKFB92719	TRSVKFB92719	TRSVKFB92719
Governing law(s) of the instrument	Debt Instrument Communicated numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communicated on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communicated on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communicated on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communicated on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communicated on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communicated on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
<b>Regulatory treatment</b>	Subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available
Subject to 10% deduction as of 1/1/2015 Eligible at solo/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	0	3,050	525	4,994	10,645	725
Par value of instrument (in million)	8,353	3,050	525	4,994	10,645	725
Accounting classification	347011 - Subordinated Liabilities	347011 - Subordinated Liabilities	346001 - Subordinated Liabilities	346001 - Subordinated Liabilities	347001 - Subordinated Liabilities	346001 - Subordinated Liabilities
Original date of issuance	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Not available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable	Not available.	Only one call option is available.	Only one call option is available.	September 27, 2023	April 24, 2024	Only one call option is available.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)  
I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Fixed or floating dividend/coupon	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Coupons / dividends	
							Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date
Coupon rate and any related index	6% fixed interest rate	6.87% fixed interest rate	8% fixed interest rate	8% fixed interest rate	5 years maturity "Indicator Government Debt Security" +350 basis points	% 12.02 fixed interest rate	5.076% fixed interest rate	TLREF + 150 basis points
Existence of a dividend stopper	NI	NI	NI	NI	NI	NI	NI	NI
Fully discretionary, partially discretionary or mandatory	NI	NI	NI	NI	NI	NI	NI	NI
Existence of step up or other incentive to redeem	NI	NI	NI	NI	NI	NI	NI	NI
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
If convertible, conversion trigger (s)	NI	NI	NI	NI	NI	NI	NI	NI
If convertible, fully or partially	NI	NI	NI	NI	NI	NI	NI	NI
If convertible, conversion rate	NI	NI	NI	NI	NI	NI	NI	NI
If convertible, mandatory or optional conversion	NI	NI	NI	NI	NI	NI	NI	NI
If convertible specify instrument type convertible into	NI	NI	NI	NI	NI	NI	NI	NI
If convertible specify issuer of instrument it converts into	NI	NI	NI	NI	NI	NI	NI	NI
If write-down, write-down trigger(s)	Not available.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Not available.	Has full or partial write-down feature.	Has full or partial write-down feature.	Has full or partial write-down feature.	Has full or partial write-down feature.	Has full or partial write-down feature.	Has full or partial write-down feature.	Has full or partial write-down feature.
If write-down, permanent or temporary	Not available.	Has permanent write-down feature.	Has permanent write-down feature.	Has permanent write-down feature.	Has permanent or temporary write-down feature.	Has permanent or temporary write-down feature.	Has permanent or temporary write-down feature.	Has permanent write-down feature.
If temporary write-down, description of write-up mechanism	Not available.	Has no write-up mechanism.	Has no write-up mechanism.	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to other creditors)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 7	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1. INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

Prior Period - December 31, 2020	T. VakıfBankası T.A.O. XS0849728190 / US90015NA091	T. VakıfBankası T.A.O. XSI55174733 / US90015VAE30	T. VakıfBankası T.A.O. TRSVKFB92719	T. VakıfBankası T.A.O. TRSVKFBAA043	T. VakıfBankası T.A.O. TRSVKFB92925
Issuer Unique identifier (CUSIP, ISIN vb.)	XSI55174733 / US90015VAE30	XS0849728190 / US90015NA091	TRSVKFB92719	TRSVKFBAA043	TRSVKFB92925
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
Subject to 10% deduction as of 1/1/2015 Eligible at solo/group/solo	Subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	325	1,696	525	4,994	725
Par value of instrument (in million)	4,644	1,696	525	4,994	725
Accounting classification	347011- Subordinated Liabilities	347011- Subordinated Liabilities	346011- Subordinated Liabilities	346001- Subordinated Liabilities	346011- Subordinated Liabilities
Original date of issuance	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	September 27, 2019
Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: September 6, 2027	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	September 27, 2019
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Not available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable	Not available.	Only one call option is available.	Only one call option is available.	September 27, 2023	Only one call option is available

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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1. INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

Prior Period - December 31, 2020	Coupons / dividends						
Fixed or floating dividend/coupon	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Floating interest rate / Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate / Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in three months, principal payment at the maturity date
Coupon rate and any related index	6% fixed interest rate	8% fixed interest rate	5 years maturity "Indecor Government Debt Security" +350 basis points	12.62% fixed interest rate	5.076% fixed interest rate	TLREF + 150 basis points	TLREF + 150 basis points
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If write-down, write-down trigger(s)	Not available.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Not available.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.
If write-down, permanent or temporary	Not available.	Has permanent write down feature.	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature.	Has permanent write down feature.
If temporary write-down, description of write-up mechanism	Not available.	Has no write-up mechanism.	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism.	Has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 8	Possess Article 8
According to article 7 and 8 of Banks' shareholder equity law that are not possessed	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7	Not Possess Article 7

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL  
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED  
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK  
MANAGEMENT (Continued)**

**I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)**

**Reconciliation of capital items to balance sheet:**

	Current Period December 31, 2021	Prior Period December 31, 2020
Shareholders' equity	54,200,028	47,152,087
Valuation differences of the marketable securities(*)	1,868,773	35,815
Leasehold improvements on operational leases	(184,453)	(187,151)
Goodwill and intangible assets	(297,295)	(270,836)
General provision (1.25% of the amount that subject to credit risk)**	6,435,542	4,791,107
Subordinated debt	19,938,557	14,668,434
Deductions from shareholders' equity	(10,793)	(11,112)
<b>Capital</b>	<b>81,950,359</b>	<b>66,178,344</b>

(\*) In accordance with the BRSA regulation dated December 21, 2021, and numbered 9996, in calculating the capital adequacy ratio, the equity amount calculated without taking into consideration the negative valuation differences of the securities in the "Fair Value of Financial Assets Through Other Comprehensive Income" portfolio, which was obtained before this date, was used.

(\*\*) In accordance with the BRSA's regulation dated 21 December 2021 and numbered 9996, the simple arithmetic average of the Central Bank's foreign exchange buying rates of 252 business days for 2021 has been taken into account in calculating the amount subject to credit risk.

**II. CONSOLIDATED CREDIT RISK**

Credit risk is defined as the counterparty's possibility of failing to fulfill its obligations on the terms set by the agreement. Credit risk means risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. It covers the possible risks arising from futures and option agreements and other agreements alike and the credit risks arising from credit transactions that have been defined by the Banking Law.

In compliance with the articles 51 and 54 set forth in Banking Law and ancillary regulation, credit limits are set by the Bank for the financial position and credit requirements of customers within the authorization limits assigned for branches, regional directorates, lending departments, assistant general manager responsible of lending, general manager, credit committee and board of directors and credits are given regarding these limits in order to limit credit risk in lending facilities.

Credit limits are determined separately for the individual customer, company, group of companies, risk groups on a product basis. In accordance with the related Lending Policy, several criteria are used in the course of determining these credit limits. Customers should have a long-standing and a successful business past, a high commercial morality, possess a good financial position and a high morality, the nature of their business should be appropriate to use the credit, possess their commercial operations in an affirmative and a balanced manner, have experience and specialization in their profession, be able to adopt themselves to the economic conditions, to be accredited on the market, have sufficient equity capital, possess the ability to create funds with their operations and finance their placement costs. Also the sector and the geographical position of customers, where they operate and other factors that may affect their operations are considered in the evaluation process of loans. Apart from ordinary intelligence operations, the financial position of the customer is mainly analyzed based on the balance sheets and the income statements provided by the loan customer, the documents received in accordance with the related regulation for their state of accounts and other related documents. Credit limits are subject to revision regarding the overall economic developments and the changes in the financial information and operations of the customers.

Collaterals for the credit limits are determined on a customer basis in order to ensure bank placements and their liquidity. The amount and type of the collateral are determined regarding the creditworthiness of the credit users. The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees.

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

**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK  
MANAGEMENT (Continued)**

**II. CONSOLIDATED CREDIT RISK (Continued)**

The Group has risk control limits for derivative transaction (futures, options, etc.) positions, which effects credit risk and market risk.

For credit risk management purposes, Risk Management Department operates in

- The determination of credit risk policies in coordination with the Bank's other units,
- Determining and monitoring concentration limits on sectoral and country basis,
- The contribution to the formation of rating and scoring systems,
- The submit to the Board of Directors and the senior management of not only credit risk management reports about credit portfolio's distribution (borrower, sector, geographical region), credit quality (impaired loans, credit risk ratings) and credit concentration but also scenario analysis reports, stress tests and other analyses,
- The studies regarding the formation of advanced credit risk measurement approaches.

Credit risk is defined and managed for all cash and non-cash agreements and transactions, which carry counterparty risk. Loans with renegotiated terms are followed in accordance with Bank's credit risk management and follow-up principles. The financial position and trading operations of related customers are continuously analyzed and principal and interest payments, scheduled in renegotiation agreement, are strictly controlled by related departments. In the framework of The Parent Bank's risk management concept, long term commitments are accepted more risky than short term commitments. Besides, risk limits defined for long term commitments and collaterals that should be taken against long term commitments are handled in a wider range compared to short term commitments.

In addition, in accordance with the BRSA regulation dated December 21, 2021 and numbered 9996, in the calculation of the amount subject to credit risks, simple arithmetic average of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date is taken into consideration.

Indemnified non-cash loans are regarded as the same risk weight with the loans that are pastdue and unpaid.

Banking operations and lending activities carried in foreign countries are not exposed to material credit risks, due to related countries' financial conditions, customers and their operations.

The Group's largest 100 cash loan customers compose 34.83% of the total cash loan portfolio (December 31, 2020: 29.07%).

The Group's largest 100 non-cash loan customers compose 51.55% of the total non-cash loan portfolio (December 31, 2020: 48.33%).

The Group's largest 100 cash loan customers compose 19.55% of total assets of the Group and the Group's largest 100 non-cash loan customers compose 14.03% of total off-balance sheet items (December 31, 2020: 17.27% and 11.06%).

The Group's largest 200 cash loan customers compose 41.99% of the total cash loan portfolio (December 31, 2020: 35.46%).

The Group's largest 200 non-cash loan customers compose 63.59% of the total non-cash loan portfolio (December 31, 2020: 62.19%).

The Group's largest 200 cash loan customers compose 23.57% of total assets of the Group and the Bank's largest 200 non-cash loan customers compose 17.30% of total off-balance sheet items (December 31, 2020: 21.06% and 14.24%).

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED  
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK  
MANAGEMENT (Continued)

II. CONSOLIDATED CREDIT RISK (Continued)

Information on loan types and expected loss provisions:

Current Period-December 31, 2021	Commercial Loans		Consumer Loans		Credit Cards		Total	
	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
<b>Loans</b>	<b>473,382,235</b>	<b>23,070,312</b>	<b>110,820,819</b>	<b>2,348,993</b>	<b>24,552,037</b>	<b>1,175,456</b>	<b>608,755,091</b>	<b>26,594,761</b>
Stage 1	386,924,555	2,226,524	105,744,802	255,234	23,002,578	359,619	515,671,935	2,841,377
Stage 2	71,305,242	8,760,253	2,040,095	297,539	597,891	77,184	73,943,228	9,134,976
Stage 3	15,152,438	12,083,535	3,035,922	1,796,220	951,568	738,653	19,139,928	14,618,408
<b>Financial Assets</b>	<b>422,678,064</b>	<b>68,606</b>	-	-	-	-	<b>422,678,064</b>	<b>68,606</b>
<b>Non Cash Loans and Commitments</b>	<b>266,243,107</b>	<b>264,266</b>	-	-	-	-	<b>266,243,107</b>	<b>264,266</b>
Stage 1	261,395,489	186,096	-	-	-	-	261,395,489	186,096
Stage 2	4,196,076	18,864	-	-	-	-	4,196,076	18,864
Stage 3	651,542	59,306	-	-	-	-	651,542	59,306
<b>Total</b>	<b>1,162,303,406</b>	<b>23,403,184</b>	<b>110,820,819</b>	<b>2,348,993</b>	<b>24,552,037</b>	<b>1,175,456</b>	<b>1,297,676,262</b>	<b>26,927,633</b>

Prior Period-December 31, 2020	Commercial Loans		Consumer Loans		Credit Cards		Total	
	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
<b>Loans</b>	<b>336,395,807</b>	<b>18,833,317</b>	<b>97,977,844</b>	<b>2,197,849</b>	<b>15,501,125</b>	<b>1,114,329</b>	<b>449,874,776</b>	<b>22,145,495</b>
Stage 1	279,793,494	2,335,219	94,967,658	513,241	14,393,403	330,780	389,154,555	3,179,240
Stage 2	41,294,689	4,971,400	1,251,391	248,036	243,970	28,919	42,790,050	5,248,355
Stage 3	15,307,624	11,526,698	1,758,795	1,436,572	863,752	754,630	17,930,171	13,717,900
<b>Financial Assets</b>	<b>269,327,960</b>	<b>133,889</b>	-	-	-	-	<b>269,327,960</b>	<b>133,889</b>
<b>Non Cash Loans and Commitments</b>	<b>156,303,022</b>	<b>278,244</b>	-	-	-	-	<b>156,303,022</b>	<b>278,244</b>
Stage 1	153,026,076	186,159	-	-	-	-	153,026,076	186,159
Stage 2	2,660,603	30,203	-	-	-	-	2,660,603	30,203
Stage 3	616,343	61,882	-	-	-	-	616,343	61,882
<b>Total</b>	<b>762,026,789</b>	<b>19,245,450</b>	<b>97,977,844</b>	<b>2,197,849</b>	<b>15,501,125</b>	<b>1,114,329</b>	<b>875,505,758</b>	<b>22,557,628</b>

Information on expected loss provisions for loans:

Current Period December 31, 2021	Stage 1	Stage 2	Stage 3
Provision balance at the beginning	3,179,240	5,248,355	13,717,900
Additional provisions during the period	356,149	5,346,905	2,497,758
Disposals during the period (-)	564,426	1,531,419	820,816
Deleted from assets (-)	-	-	834,885
Transfers to stage 1	178,827	(178,513)	(314)
Transfers to stage 2	(261,240)	440,399	(179,159)
Transfers to stage 3	(47,173)	(190,751)	237,924
<b>Provision Balance at the end of the Period</b>	<b>2,841,377</b>	<b>9,134,976</b>	<b>14,618,408</b>

Prior Period December 31, 2020	Stage 1	Stage 2	Stage 3
Provision balance at the beginning	1,624,365	1,964,228	12,478,787
Additional provisions during the period	1,937,412	3,181,507	3,624,150
Disposals during the period (-)	453,094	552,124	768,947
Deleted from assets (-)	-	-	890,789
Transfers to stage 1	126,682	(126,122)	(560)
Transfers to stage 2	(48,999)	1,124,446	(1,075,447)
Transfers to stage 3	(7,126)	(343,580)	350,706
<b>Provision Balance at the end of the Period</b>	<b>3,179,240</b>	<b>5,248,355</b>	<b>13,717,900</b>

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK  
MANAGEMENT (Continued)

II. CONSOLIDATED CREDIT RISK (Continued)

The general provision for credit risk amounts to TL 12,249,919 (December 31, 2020: TL 8,777,846)

Risk Classifications:	Current Period Risk Amount <sup>(*)</sup>	Average Risk Amount <sup>(*)</sup>
Claims on sovereigns and Central Banks	421,820,561	341,992,057
Claims on regional governments or local authorities	7,888,575	8,540,052
Claims on administrative bodies and other non-commercial undertakings	891,138	540,324
Claims on multilateral development banks	-	11,376
Claims on international organizations	-	-
Claims on banks and intermediary institutions	56,128,011	56,631,461
Claims on corporate	317,343,080	279,013,004
Claims included in the regulatory retail portfolios	123,086,047	109,082,398
Claims secured by residential property	107,310,684	92,535,837
Past due loans	4,432,335	3,911,535
Higher risk categories decided by the Agency	14,114,969	4,079,284
Marketable securities secured by mortgages	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	7,806	7,336
Stock Investments	3,204,428	2,344,894
Other claims	21,252,612	20,555,873

(\*) Before reducing the credit risk, the rate of the post credit conversion is given.

(\*\*) Average risk amount is calculated based on the arithmetic average of the monthly risk amounts after conversion for January-December 2021 period.

Risk Classifications:	Prior Period Risk Amount <sup>(**)</sup>	Average Risk Amount <sup>(**)</sup>
Claims on sovereigns and Central Banks	311,407,817	214,944,745
Claims on regional governments or local authorities	9,611,695	10,431,664
Claims on administrative bodies and other non-commercial undertakings	498,818	487,629
Claims on multilateral development banks	38,810	33,163
Claims on international organizations	-	-
Claims on banks and intermediary institutions	58,004,394	37,290,042
Claims on corporate	232,059,662	195,434,396
Claims included in the regulatory retail portfolios	98,677,464	88,441,951
Claims secured by residential property	83,489,456	73,013,673
Past due loans	3,914,529	4,426,375
Higher risk categories decided by the Agency	200,935	135,837
Marketable securities secured by mortgages	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	411	34
Stock Investments	2,222,895	1,881,990
Other claims	18,901,264	17,375,792

(\*) Before reducing the credit risk, the rate of the post credit conversion is given.

(\*\*) Average risk amount is calculated based on the arithmetic average of the monthly risk amounts after conversion for January-December 2020 period.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to the geographical concentration (\*\*\*)

Current Period - December 31, 2021	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non- commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims on short term corporate banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
Domestic	415,506,604	7,888,575	889,330	-	-	12,290,109	296,769,659	123,081,539	107,310,684	4,432,335	14,031,472	-	-	-	7,806	363,858	21,187,299	1,003,768,290
EU countries	4,424,946	-	1,808	-	-	34,656,563	5,078,957	4,325	-	-	7,570	-	-	-	-	-	65,313	44,239,464
OECD countries (*)	110,330	-	-	-	-	249,259	-	-	-	-	-	-	-	-	-	-	-	359,589
Off-shore banking regions	220,213	-	-	-	-	653,251	13,330,049	-	-	-	-	-	-	-	-	-	-	14,203,513
USA, Canada	1,363,321	-	-	-	-	5,967,414	1,829,542	-	-	-	-	-	-	-	-	-	-	9,160,277
Other countries	195,147	-	-	-	-	2,177,466	334,893	163	-	-	75,927	-	-	-	-	-	-	2,783,596
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	124,947	-	-	-	-	-	-	-	-	-	2,840,570	-	2,965,517
Undistributed Assets/ Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>421,820,561</b>	<b>7,888,575</b>	<b>891,138</b>	<b>-</b>	<b>-</b>	<b>56,128,011</b>	<b>317,343,080</b>	<b>123,086,047</b>	<b>107,310,684</b>	<b>4,432,335</b>	<b>14,114,969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,806</b>	<b>3,204,428</b>	<b>21,252,612</b>	<b>1,077,480,246</b>

(\*) OECD countries except from EU countries, USA, Canada.

(\*\*) The assets and liabilities that can not be distributed according to a consistent base.

(\*\*\*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

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II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to the geographical concentration (\*\*\*)

Prior Period - December 31, 2019	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non- commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims on short term corporate banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
Domestic	307,651,640	9,611,695	493,497	29,475	-	9,154,726	216,387,024	98,671,276	83,389,634	3,914,529	-	-	-	-	411	324,935	18,854,498	748,685,340
EU countries	3,297,483	-	3,321	9,335	-	43,921,502	4,402,687	5,481	-	-	1,288	-	-	-	-	-	46,766	51,687,863
OECD countries (*)	86,397	-	-	-	-	183,706	-	-	-	-	-	-	-	-	-	-	-	270,103
Off-shore banking regions	-	-	-	-	-	884,126	9,440,475	-	94,325	-	-	-	-	-	-	-	-	10,418,926
USA, Canada	288,607	-	-	-	-	2,510,592	1,426,908	376	5,497	-	-	-	-	-	-	-	-	4,231,980
Other countries	83,690	-	-	-	-	1,249,390	202,368	331	-	199,647	-	-	-	-	-	-	-	1,735,626
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	100,352	-	-	-	-	-	-	-	-	-	1,897,960	-	1,998,312
Undistributed Assets/ Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>311,407,817</b>	<b>9,611,695</b>	<b>498,818</b>	<b>38,810</b>	<b>-</b>	<b>58,004,394</b>	<b>232,059,662</b>	<b>98,677,464</b>	<b>83,489,456</b>	<b>3,914,529</b>	<b>200,935</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>411</b>	<b>2,222,895</b>	<b>18,901,264</b>	<b>819,028,150</b>

(\*) OECD countries except from EU countries, USA, Canada.

(\*\*) The assets and liabilities that can not be distributed according to a consistent base.

(\*\*\*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.



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II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (\*)

Current Period - December 31, 2021	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total			
<b>Agricultural</b>	273,945	232	1,968	-	-	1,349,193	2,185,173	1,337,952	46,004	36,062	-	-	-	-	-	-	-	5,055,368	175,161	5,230,529			
<i>Farming and raising livestock</i>	247,223	232	1,968	-	-	817,947	2,094,820	1,306,716	42,936	35,667	-	-	-	-	-	-	-	4,456,716	90,793	4,547,509			
<i>Forestry</i>	7,866	-	-	-	-	448,558	50,954	23,359	480	344	-	-	-	-	-	-	-	523,152	5,409	528,561			
<b>Fishing</b>	18,856	-	-	-	-	85,688	39,399	7,877	2,588	51	-	-	-	-	-	-	-	75,500	78,959	154,459			
<b>Manufacturing</b>	9,202,821	486,109	1,023	-	-	142,473,978	16,936,353	18,790,444	729,341	48,750	-	-	-	-	-	-	-	99,317,654	89,351,165	188,668,819			
<i>Mining</i>	194,087	-	-	-	-	11,163,270	401,241	359,682	61,551	487	-	-	-	-	-	-	-	3,339,014	8,841,304	12,180,318			
<i>Production</i>	8,882,093	-	658	-	-	100,175,419	16,069,824	17,931,763	500,076	47,702	-	-	-	-	-	-	-	86,416,732	57,190,803	143,607,535			
<i>Electric, Gas, Water</i>	126,641	486,109	365	-	-	31,135,289	465,288	498,999	167,714	561	-	-	-	-	-	-	-	9,561,908	23,319,058	32,880,966			
<b>Construction</b>	15,131,781	64	22	-	-	37,744,619	5,734,913	10,674,129	909,746	23,834	-	-	-	-	-	-	-	40,272,928	29,946,180	70,219,108			
<b>Services</b>	287,200,441	7,398,079	533,163	-	-	53,886,725	113,092,133	36,485,454	37,299,125	985,117	1,023,303	-	-	-	-	-	-	332,829,811	205,445,394	538,275,205			
<i>Wholesale and retail trade</i>	9,306,332	1,298	1,491	-	-	36,503,130	23,716,960	18,857,005	721,748	229,108	-	-	-	-	-	-	-	73,093,525	16,245,547	89,339,072			
<i>Hotel, Food and Beverage Services</i>	1,426,515	-	90	-	-	7,979,462	2,046,964	8,764,555	77,271	91,455	-	-	-	-	-	-	-	8,624,238	11,762,054	20,386,312			
<i>Transportation and Telecommunication</i>	8,052,676	21	10,078	-	-	48,907,922	5,899,945	4,574,084	103,514	124,623	-	-	-	-	-	-	-	17,024,076	50,648,787	67,672,863			
<i>Financial Institutions</i>	267,013,115	-	2,333	-	-	12,476,611	884,259	478,163	7,741	101,325	-	-	-	-	-	-	-	212,401,418	122,820,519	335,221,937			
<i>Real Estate and renting services</i>	302,610	-	436,309	-	-	3,207,970	2,873,320	2,809,170	40,892	43,6737	-	-	-	-	-	-	-	8,973,692	1,133,316	10,107,008			
<i>Self-employment services</i>	-	-	-	-	-	229,623	8,517	-	-	-	-	-	-	-	-	-	-	211,828	26,312	238,140			
<i>Education services</i>	313,650	-	372	-	-	976,024	338,550	986,976	22,456	3,345	-	-	-	-	-	-	-	2,943,157	98,216	2,641,373			
<i>Health and social services</i>	783,543	7,396,760	82,490	-	-	2,811,391	716,939	829,172	11,495	36,710	-	-	-	-	-	-	-	9,957,857	2,710,643	12,668,500			
<b>Other</b>	110,011,573	4,091	354,962	-	-	2,241,286	22,663,157	61,744,154	39,209,034	1,762,127	12,983,020	-	-	-	-	-	-	180,279,917	94,806,668	275,086,585			
<b>Total</b>	421,820,561	7,888,575	891,138	-	-	56,128,011	317,343,080	123,086,047	107,310,684	4,432,335	14,114,969	-	-	-	-	-	-	7,806	3,204,428	21,252,612	657,755,678	419,724,568	1,077,480,246

(\*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
- 7- Claims included in the regulatory retail portfolios
- 8- Claims secured by residential property
- 9- Past due loans
- 10- Higher risk categories decided by the Board
- 11- Secured by mortgages
- 12- Securitization positions
- 13- Short-term claims and short term corporate claims on banks and intermediary institutions
- 14- Undertakings for collective investments in mutual funds
- 15- Stock Investments
- 16- Other receivables
- 17-

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II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (\*)

Prior Period- December 31, 2020	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total		
<b>Agricultural</b>	491,965	3,565	2,368	-	-	308	861,206	1,250,418	1,002,276	44,362	-	-	-	-	-	-	-	3,468,203	188,265	3,656,468		
<i>Farming and raising livestock</i>	453,490	3,074	2,368	-	-	308	797,800	1,158,067	976,996	39,921	-	-	-	-	-	-	-	3,304,585	127,439	3,432,024		
<i>Forestry</i>	6,355	491	-	-	-	-	8,458	69,258	16,478	480	-	-	-	-	-	-	-	90,875	10,645	101,520		
<b>Fishing</b>	32,120	-	-	-	-	-	54,948	23,093	8,802	3,961	-	-	-	-	-	-	-	72,743	50,181	122,924		
<b>Manufacturing</b>	15,233,218	368,360	708	-	-	31,457	99,573,886	8,556,658	13,585,312	930,554	-	-	-	-	-	-	-	77,213,596	61,066,557	138,280,153		
<i>Mining</i>	348,433	-	-	-	-	-	8,677,975	251,601	405,695	40,037	-	-	-	-	-	-	-	3,437,934	6,285,807	9,723,741		
<i>Production</i>	14,719,396	4,864	343	-	-	2,713	67,593,019	7,868,041	12,697,523	620,683	-	-	-	-	-	-	-	66,263,299	37,241,283	103,506,582		
<i>Electric, Gas, Water</i>	165,389	363,496	365	-	-	28,744	23,302,892	437,016	482,094	269,834	-	-	-	-	-	-	-	7,510,363	17,539,467	25,049,830		
<b>Construction</b>	11,690,100	1,965	187	-	-	516	27,047,927	3,561,813	8,748,958	1,203,809	-	-	-	-	-	-	-	30,302,595	21,952,680	52,255,275		
<b>Services</b>	175,296,685	9,182,913	158,512	38,810	-	57,971,131	58,142,319	10,783,329	14,922,890	2,667,714	200,935	-	-	-	-	-	-	163,424,541	163,865,017	327,289,558		
<i>Wholesale and retail trade</i>	11,003	1,685	499	-	-	-	510,310	34,146	5,301	63	-	-	-	-	-	-	-	100,978	462,029	563,007		
<i>Hotel, Food and Beverage Services</i>	2,096,680	2,856	17	-	-	-	6,332,978	1,609,735	6,764,771	57,387	-	-	-	-	-	-	-	8,235,323	8,629,101	16,864,424		
<i>Transportation and Telecommunication</i>	7,320,579	1,153	22,942	-	-	47,024	34,932,039	4,599,967	3,580,941	111,535	-	-	-	-	-	-	-	13,046,863	37,569,317	50,616,180		
<i>Financial Institutions</i>	164,988,092	964	4,881	38,810	-	57,922,118	11,316,216	1,029,522	493,175	10,571	200,935	-	-	-	-	-	-	121,761,530	114,569,074	236,330,604		
<i>Real Estate and renting services</i>	525,075	-	4	96,323	-	1,915	2,548,310	2,759,306	2,499,059	45,329	-	-	-	-	-	-	-	7,367,202	1,108,119	8,475,321		
<i>Self-employment services</i>	-	-	-	-	-	-	103,537	15,127	-	-	-	-	-	-	-	-	-	93,359	25,305	118,664		
<i>Education services</i>	346,983	1,206	64	-	-	-	1,097,950	257,970	813,192	23,925	-	-	-	-	-	-	-	2,477,516	63,774	2,541,290		
<i>Health and social services</i>	8,273	9,175,045	33,786	-	-	74	1,300,979	477,556	766,451	17,904	-	-	-	-	-	-	-	10,341,770	1,438,298	11,780,068		
<b>Other</b>	108,695,849	54,892	337,043	-	-	982	46,434,324	74,525,246	45,230,020	1,469,090	-	-	-	-	-	-	-	1,897,986	18,901,264	200,947,686	96,599,010	297,546,696
<b>Total</b>	311,407,817	9,611,695	498,818	38,810	-	58,004,394	232,059,662	98,677,464	83,489,456	3,914,529	200,935	-	-	-	-	-	-	411	2,222,895	18,901,264	443,671,529	819,028,150

(\*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
- 7- Claims included in the regulatory retail portfolios
- 8- Claims secured by residential property
- 9- Past due loans
- 10- Higher risk categories decided by the Board
- 11- Secured by mortgages
- 12- Securitization positions
- 13- Short-term claims and short term corporate claims on banks and intermediary institutions
- 14- Undertakings for collective investments in mutual funds
- 15- Stock Investments
- 16- Other receivables
- 17-

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**II. CONSOLIDATED CREDIT RISK (Continued)**

**Distribution of maturity risk factors according to their outstanding maturities (\*)**

Risk Classifications-Current Period - December 31, 2021	According to their outstanding maturities					Undistributed
	1 month	1-3 month	3-6 month	6-12 month	1 year and over	
Claims on sovereigns and Central Banks	90,246,196	1,889,721	6,082,777	20,024,705	303,577,162	-
Claims on regional governments or local authorities	11,158	135,669	135,852	203,021	7,402,875	-
Claims on administrative bodies and other non-commercial undertakings	38,595	17,055	14,654	375,732	445,102	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	15,711,222	3,306,462	1,902,066	3,356,556	31,851,705	-
Claims on corporate	17,587,762	26,438,725	22,495,907	55,906,202	194,914,484	-
Claims included in the regulatory retail portfolios	1,545,804	2,810,779	4,057,680	19,893,336	94,778,448	-
Claims secured by residential property	982,588	2,612,424	3,800,744	16,742,570	83,172,358	-
Past due loans	-	-	-	-	-	4,432,335
Higher risk categories decided by the Agency	1,552	8,950	887	25,935	14,077,645	-
Marketable securities secured by mortgages	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	7,806	-
Stock Investments	3	-	-	-	3,204,425	-
Other claims	65,313	-	-	-	21,187,299	-
<b>TOTAL</b>	<b>126,190,193</b>	<b>37,219,785</b>	<b>38,490,567</b>	<b>116,528,057</b>	<b>754,619,309</b>	<b>4,432,335</b>

(\*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

Risk Classifications-Prior Period- December 31, 2020	According to their outstanding maturities					Undistributed
	1 month	1-3 month	3-6 month	6-12 month	1 year and over	
Claims on sovereigns and Central Banks	27,587,297	1,955,988	4,976,580	10,387,674	266,500,278	-
Claims on regional governments or local authorities	10,776	145,653	153,478	386,643	8,915,145	-
Claims on administrative bodies and other non-commercial undertakings	49,743	3,750	6,974	11,267	427,084	-
Claims on multilateral development banks	9,335	-	-	-	29,475	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	25,587,306	4,382,907	3,685,338	4,067,183	20,281,660	-
Claims on corporate	19,584,728	14,755,723	16,380,812	28,456,625	152,881,774	-
Claims included in the regulatory retail portfolios	1,368,695	1,320,746	1,842,946	7,233,664	86,911,413	-
Claims secured by residential property	702,242	1,826,025	1,970,450	7,857,813	71,132,926	-
Past due loans	-	-	-	-	-	3,914,529
Higher risk categories decided by the Agency	3,481	1,461	-	-	195,993	-
Marketable securities secured by mortgages	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	411	-
Stock Investments	3	-	-	-	2,222,892	-
Other claims	46,766	-	-	-	18,854,498	-
<b>TOTAL</b>	<b>74,950,372</b>	<b>24,392,253</b>	<b>29,016,578</b>	<b>58,400,869</b>	<b>628,353,549</b>	<b>3,914,529</b>

(\*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**II. CONSOLIDATED CREDIT RISK (Continued)**

**Risk balances according to risk weights**

Risk Weights Current Period - December 31, 2021	Risk Weights											Deductions from the shareholders' equity		
	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	200%		250%	1250%
Pre-Amount of Credit Risk Mitigation	410,527,623	12,579,732	-	-	38,570,637	50,436,951	71,832,864	118,231,980	360,911,727	14,388,732	-	-	-	492,541
Amount after Credit Risk Mitigation	446,697,579	1,223,365	-	3,760,956	32,872,364	50,436,951	66,679,791	116,471,248	345,016,606	14,321,386	-	-	-	492,541

  

Risk Weights Current Period- December 31, 2020	Risk Weights											Deductions from the shareholders' equity		
	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	200%		250%	1250%
Pre-Amount of Credit Risk Mitigation	301,931,165	9,606,441	-	-	30,764,379	39,258,365	69,523,438	98,054,471	269,608,956	280,935	-	-	-	469,099
Amount after Credit Risk Mitigation	328,901,603	580,404	-	3,793,810	29,251,498	39,258,365	64,770,160	96,715,442	255,475,933	280,935	-	-	-	469,099

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CONSOLIDATED CREDIT RISK (Continued)

Information According to Sectors and Counterparties

Current Period - December 31, 2021	Impaired (IFRS 9)		Expected Credit Loss Provisions (IFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
<b>Agricultural</b>	<b>883,107</b>	<b>200,187</b>	<b>187,741</b>
Farming and raising livestock	569,915	183,780	173,750
Forestry	310,902	1,840	2,989
Fishing	2,290	14,567	11,002
<b>Manufacturing</b>	<b>30,119,553</b>	<b>4,312,213</b>	<b>5,380,691</b>
Mining	501,844	339,115	313,822
Production	21,566,077	3,087,315	3,668,628
Electric, Gas, Water	8,051,632	885,783	1,398,241
<b>Construction</b>	<b>10,974,799</b>	<b>3,991,335</b>	<b>4,731,379</b>
<b>Services</b>	<b>29,082,042</b>	<b>7,277,619</b>	<b>10,746,226</b>
Wholesale and retail trade	9,654,112	4,401,810	4,573,330
Hotel, Food and Beverage Services	7,435,417	250,646	2,011,689
Transportation and telecommunication	5,611,281	510,553	1,075,956
Financial Institutions	872,496	45,835	63,476
Real estate and renting services	3,655,923	213,837	1,571,512
Self-employment services	1,190,305	1,646,220	1,238,705
Education services	286,532	103,241	88,879
Health and social services	375,976	105,477	122,679
<b>Other</b>	<b>2,883,727</b>	<b>3,358,574</b>	<b>2,707,347</b>
<b>Total</b>	<b>73,943,228</b>	<b>19,139,928</b>	<b>23,753,384</b>

Prior Period - December 31, 2020	Impaired (IFRS 9)		Expected Credit Loss Provisions (IFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
<b>Agricultural</b>	<b>379,481</b>	<b>193,059</b>	<b>169,112</b>
Farming and raising livestock	371,535	175,007	157,097
Forestry	4,101	3,179	2,900
Fishing	3,845	14,873	9,115
<b>Manufacturing</b>	<b>14,530,081</b>	<b>4,267,687</b>	<b>4,442,392</b>
Mining	845,168	281,800	288,601
Production	9,454,186	3,101,604	3,228,338
Electric, Gas, Water	4,230,727	884,283	925,453
<b>Construction</b>	<b>9,194,711</b>	<b>3,959,450</b>	<b>3,911,582</b>
<b>Services</b>	<b>17,755,192</b>	<b>6,651,515</b>	<b>8,030,072</b>
Wholesale and retail trade	6,847,116	4,235,827	4,032,076
Hotel, Food and Beverage Services	2,468,189	356,000	1,376,447
Transportation and telecommunication	3,446,899	569,195	781,759
Financial Institutions	558,471	72,310	87,791
Real estate and renting services	2,149,601	227,459	615,164
Self-employment services	1,661,510	967,355	886,837
Education services	313,841	110,013	134,030
Health and social services	309,565	113,356	115,968
<b>Other</b>	<b>930,585</b>	<b>2,858,460</b>	<b>2,413,097</b>
<b>Total</b>	<b>42,790,050</b>	<b>17,930,171</b>	<b>18,966,255</b>

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CONSOLIDATED CREDIT RISK (Continued)

Information on Changes in Value Adjustments and Credit Provisions

Current Period - December 31, 2021	Opening Balance 1 January 2020	Provisions reserved during the period	Cancelations	Other Adjustments <sup>(*)</sup>	Closing Balance
Provisions (stage 3)	13,779,782	3,555,064	(2,731,001)	73,869	14,677,714
Provisions (stage 1-2)	8,777,846	8,386,255	(4,914,253)	71	12,249,919

<sup>(\*)</sup>Includes effect of currency translations differences and other provisions' classifications.

Prior Period- December 31, 2020	Opening Balance 1 January 2020	Provisions reserved during the period	Cancelations	Other Adjustments <sup>(*)</sup>	Closing Balance
Provisions (stage 3)	12,543,110	4,518,777	(3,343,726)	61,621	13,779,782
Provisions (stage 1-2)	3,736,281	7,098,380	(2,034,767)	(22,048)	8,777,846

<sup>(\*)</sup> Includes effect of currency translations differences and other provisions' classifications

Fair value of collateral held against impaired loans

	Current Period December 31, 2021	Prior Period - December 31, 2020
Cash collateral <sup>(*)</sup>	-	-
Mortgage	8,187,737	8,593,313
Promissory note <sup>(*)</sup>	-	-
Others <sup>(**)</sup>	10,952,191	9,336,858
<b>Total</b>	<b>19,139,928</b>	<b>17,930,171</b>

<sup>(\*)</sup> As a policy, it is aimed to utilize from cash collateral or liquidate promissory note for an impaired loan collateralized by cash collateral or promissory note to cover the credit risk. Hence, cash collateral and promissory note are shown as zero in the table above.

<sup>(\*\*)</sup> Sureties obtained for impaired loans are presented in this row to the extent that the amount does not exceed the amount of impaired loans.

The detail of collateral held against performing cash and non-cash loans by the Group

	Current Period- December 31, 2021	Prior Period - December 31, 2020
<b>Cash loans</b>		
<b>Secured Loans:</b>	<b>441,061,763</b>	<b>327,829,827</b>
Secured by mortgages	101,069,066	79,279,009
Secured by cash collateral	3,261,049	2,432,473
Guarantees issued by financial institutions	2,039,416	1,066,489
Secured by government institutions or government securities	43,639,424	63,686,242
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	291,052,808	181,365,614
<b>Unsecured Loans</b>	<b>148,553,400</b>	<b>104,114,778</b>
<b>Total performing loans</b>	<b>589,615,163</b>	<b>431,944,605</b>

	Current Period- December 31, 2021	Prior Period - December 31, 2020
<b>Non-cash loans</b>		
<b>Secured Loans:</b>	<b>100,710,338</b>	<b>59,292,422</b>
Secured by mortgages	10,517,180	7,639,220
Secured by cash collateral	1,479,603	1,042,003
Guarantees issued by financial institutions	515,712	526,364
Secured by government institutions or government securities	225,107	306,285
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	87,972,736	49,778,550
<b>Unsecured Loans</b>	<b>92,745,588</b>	<b>43,183,780</b>
<b>Total performing loans</b>	<b>193,455,926</b>	<b>102,476,202</b>

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CONSOLIDATED CREDIT RISK (Continued)

Exposures subject to countercyclical capital buffer

Current Period – December 31, 2021

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Turkey	495,181,948	-	495,181,948
England	5,094,320	-	5,094,320
Germany	3,314,302	-	3,314,302
USA	2,421,312	-	2,421,312
Austria	1,144,571	-	1,144,571
France	1,265,090	-	1,265,090
Switzerland	650,906	-	650,906
Bahrain	582,988	-	582,988
Luxembourg	491,353	-	491,353
Iraq	424,920	-	424,920
Other	1,346,984	-	1,346,984
<b>Total</b>	<b>511,918,693</b>	<b>-</b>	<b>511,918,693</b>

Prior Period - December 31, 2020

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Turkey	352,053,664	-	352,053,664
Bahrain	9,883,516	-	9,883,516
Germany	4,921,671	-	4,921,671
France	4,001,216	-	4,001,216
England	3,810,890	-	3,810,890
USA	2,068,301	-	2,068,301
Switzerland	1,139,574	-	1,139,574
Austria	840,349	-	840,349
Netherlands	591,081	-	591,081
Iraq	455,701	-	455,701
Other	1,214,680	-	1,214,680
<b>Total</b>	<b>380,980,643</b>	<b>-</b>	<b>380,980,643</b>

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK

Foreign exchange risk that the Parent Bank is exposed to, estimation of effects of exposures, and the limits set by the Board of Directors of the Parent Bank for the positions monitored on a daily basis

The Standard Method which is also used in the legal reporting is used in measuring the currency risk of The Parent Bank.

The Parent Bank's and all consolidated financial subsidiaries' foreign currency assets and liabilities and the forward foreign-currency transactions are taken into consideration in calculating the capital obligation for the consolidated currency risk. The net long and short positions are calculated in Turkish Lira equivalent of the each currency. The position with the biggest absolute value is determined as the base amount for the capital obligation. The capital obligation is calculated at that amount.

The magnitude of hedging foreign currency debt instruments and net investment in foreign operations by using derivatives

As at December 31, 2021 and December 31, 2020, the Group does not have derivative financial instruments held for risk management.

Foreign exchange risk management policy

The Parent Bank manages the Turkish currency or foreign currency risks that may arise in 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 the Parent Bank's strategies by considering the balance with other financial risks.

Sensitivity analysis regarding the currency risk that the Parent Bank is exposed to is explained in the related section III.

The effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the Parent Bank in TL are as follows:

	US Dollar	Euro
<b>The Bank's foreign currency purchase rate at the balance sheet date</b>	<b>13.4000</b>	<b>15.20725</b>
<b>Foreign currency purchase rates for the days before balance sheet date:</b>		
Day 1	13.0295	14.7554
Day 2	12.6423	14.3274
Day 3	11.8484	13.4017
Day 4	11.3701	12.8701
Day 5	11.5549	13.0821
<b>Last 30-days arithmetical average rate</b>	<b>13.30998</b>	<b>15.03581</b>

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period- December 31, 2021	Euro	US Dollar	Other FC	Total
<i>Assets:</i>				
Cash and balances with the Central Bank of the Republic of Turkey	47,355,452	58,836,893	8,620,176	114,812,521
Banks	3,071,631	15,085,475	2,195,982	20,353,088
Financial assets at fair value through profit or loss <sup>(7)</sup>	-	286,473	15,939,741	16,226,214
Interbank money market placements	-	6,914,400	-	6,914,400
Financial assets at fair value through other comprehensive income	22,291,264	65,690,460	-	87,981,724
Loans <sup>(1)(2)</sup>	119,325,375	105,662,465	125,048	225,112,888
Associates, subsidiaries and joint-ventures	3	-	-	3
Financial assets measured at amortized cost	13,735,777	11,709,066	-	25,444,843
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	1,258	28,796	-	30,054
Intangible assets	474	-	-	474
Other assets <sup>(3)</sup>	1,961,599	2,679,321	7,893	4,648,813
<b>Total assets</b>	<b>207,742,833</b>	<b>266,893,349</b>	<b>26,888,840</b>	<b>501,525,022</b>
<i>Liabilities:</i>				
Bank deposits	7,728,829	7,693,952	819,737	16,242,518
Foreign currency deposits	117,319,289	176,162,351	31,693,506	325,175,146
Interbank money market takings	12,449,193	12,276,786	-	24,725,979
Other funding	41,364,283	46,811,894	6,753,167	94,929,344
Securities issued <sup>(4)</sup>	11,018,134	62,107,787	642,574	73,768,495
Miscellaneous payables	3,618,164	1,117,774	477	4,736,415
Derivative financial liabilities held for risk management purpose	-	-	-	-
Other liabilities <sup>(5)</sup>	1,424,590	4,480,573	23,226	5,928,389
<b>Total liabilities</b>	<b>194,922,482</b>	<b>310,651,117</b>	<b>39,932,687</b>	<b>545,506,286</b>
<b>Net 'on balance sheet' position</b>	<b>12,820,351</b>	<b>(43,757,768)</b>	<b>(13,043,847)</b>	<b>(43,981,264)</b>
<b>Net 'off-balance sheet' position</b>	<b>(8,878,381)</b>	<b>46,453,550</b>	<b>12,990,072</b>	<b>50,565,241</b>
Derivative assets <sup>(5)</sup>	10,816,208	55,713,234	21,148,983	87,678,425
Derivative liabilities <sup>(5)</sup>	19,694,589	9,259,684	8,158,911	37,113,184
Non-cash loans <sup>(6)</sup>	49,920,167	78,318,507	2,759,525	130,998,199
<b>Prior Period - December 31, 2020</b>	<b>Euro</b>	<b>US Dollar</b>	<b>Other FC</b>	<b>Total</b>
Total assets	137,641,677	142,959,881	16,733,569	297,335,127
Total liabilities	125,108,632	180,127,591	22,505,131	327,741,354
Net 'on balance sheet' position	12,533,045	(37,167,710)	(5,771,562)	(30,406,227)
Net 'off-balance sheet' position	(10,700,743)	37,289,924	5,788,929	32,378,110
Derivative assets <sup>(5)</sup>	10,739,105	42,735,050	6,909,282	60,383,437
Derivative liabilities <sup>(5)</sup>	21,439,848	5,445,126	1,120,353	28,005,327
Non-cash loans <sup>(6)</sup>	26,268,248	31,104,665	1,174,345	58,547,258

<sup>(1)</sup> Foreign currency indexed loans amounting to TL 522,078 (December 31, 2020: TL 538,028) which are presented in TL column in the balance sheet are included in the table above.

<sup>(2)</sup> Foreign currency indexed factoring receivables amounted to TL 647,069 (December 31, 2020: TL 284,716) presented in TL column in the accompanying consolidated balance sheet are included.

<sup>(3)</sup> Other Derivative Financial Instruments Currency Income Costs TL 390,124(December 31, 2020: TL 53,691), Prepaid Expenses TL 293,022(December 31, 2020: TL 179,634), 1st and 2nd stage expected loss provisions TL (59,471) (December 31, 2020: TL(24,493)), and derivative financial instruments currency expense accruals of TL 290,286 (December 31, 2020: TL 28,593), deferred tax liabilities TL 14,719 (December 31, 2020: TL 57,525), unearned income TL 296,504 (December 31,2020: TL 218,352) and shareholders' equity TL 1,970,390 (December 31, 2020: TL 1,743,740) are not taken into consideration in the currency risk calculation.

<sup>(4)</sup> Subordinated loans are shown under securities issued.

<sup>(5)</sup> Asset purchase commitments amounting to TL 4,512,599 (December 31, 2020: TL 468,092) and asset sales commitments amounting to TL 5,593,730(December 31, 2020: TL 5,679,004) are included.

<sup>(6)</sup> Non-cash loans are not taken into consideration in the currency position account.

<sup>(7)</sup> The amount in other FX consists of gold-based bonds.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10% depreciation of the TL against the following currencies as at and for the year ended December 31, 2021 and December 31, 2020 would have effect on consolidated equity and the consolidated profit or loss (without tax effects) by the amounts shown in the table below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

	Current Period- December 31, 2021		Prior Period- December 31, 2020	
	Profit or loss	Equity <sup>(*)</sup>	Profit or loss	Equity <sup>(*)</sup>
US Dollar	266,699	266,699	10,909	10,909
Euro	394,024	640,350	252,329	399,869
Other currencies	(5,378)	(5,378)	1,737	1,737
<b>Total, net<sup>(**)</sup></b>	<b>655,345</b>	<b>901,671</b>	<b>264,975</b>	<b>412,515</b>

<sup>(\*)</sup> Equity effect also includes profit or loss effect of 10% devaluation of TL against related currencies.

<sup>(\*\*)</sup> Associates, subsidiaries and jointly controlled partnerships are included in the impact calculation for the income statement, but are not included in the impact calculation for the equity. Tangible and intangible fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

10% appreciation of the TL against the following currencies as at and for the year ended December 31, 2021 and December 31, 2020 would have effect on consolidated equity and consolidated profit or loss (without tax effects) by the amounts shown in the table below.

	Current Period- December 31, 2021		Prior Period- December 31, 2020	
	Profit or loss	Equity <sup>(*)</sup>	Profit or loss	Equity <sup>(*)</sup>
US Dollar	(266,699)	(266,699)	(10,909)	(10,909)
Euro	(394,024)	(640,350)	(252,329)	(399,869)
Other currencies	5,378	5,378	(1,737)	(1,737)
<b>Total, net<sup>(**)</sup></b>	<b>(655,345)</b>	<b>(901,671)</b>	<b>(264,975)</b>	<b>(412,515)</b>

<sup>(\*)</sup> Equity effect also includes profit or loss effect of 10% revaluation of TL against related currencies.

<sup>(\*\*)</sup> Associates, subsidiaries and jointly controlled partnerships are included in the currency risk effect calculations on profit or loss, but not in the currency risk effect calculations on equity. Tangible and intangible fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. CONSOLIDATED INTEREST RATE RISK

Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the weekly Assets-Liabilities Committee meetings taking into account the developments in market conditions.

The Parent Bank's interest rate risk is measured by the standard method.

Measurements for standard method are carried out monthly using the maturity ladder table.

Interest rate sensitivity of assets, liabilities and off balance sheet items (Based on repricing dates)

Current Period- December 31, 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets:</b>							
Cash and balances with CBRT	25,401,559	-	-	-	-	118,770,986	144,172,545
Banks	134,941	812,580	307,252	5	-	20,370,518	21,625,296
Financial assets at fair value through profit/loss	3,616,623	3,147	645,747	11,807,732	-	518,575	16,591,824
Interbank money market placements	-	-	3,499	-	-	6,914,400	6,917,899
Financial assets at fair value through other comprehensive income	11,534,612	9,995,171	40,768,230	67,098,989	9,534,697	21,978	138,953,677
Loans <sup>(1)</sup>	157,104,580	148,946,965	131,830,612	84,850,824	66,882,182	19,139,928	608,755,091
Financial assets measured at amortized cost	14,842,974	3,763,419	13,441,960	23,860,784	17,952,846	-	73,861,983
Other assets <sup>(2)</sup>	10,442,312	8,168,845	1,494,729	783,169	2,233,791	(5,100,063)	18,022,783
<b>Total assets</b>	<b>223,077,601</b>	<b>171,690,127</b>	<b>188,492,029</b>	<b>188,401,503</b>	<b>96,603,516</b>	<b>160,636,322</b>	<b>1,028,901,098</b>
<b>Liabilities:</b>							
Bank deposits	22,314,690	9,026,003	-	-	-	1,887,223	33,227,916
Other deposits	301,949,276	90,963,725	23,174,797	2,413,723	91,591	143,988,950	562,582,062
Interbank money market takings	123,375,347	7,719,245	8,144,599	9,478,171	-	-	148,717,362
Miscellaneous payables	-	-	-	-	-	20,796,858	20,796,858
Securities issued <sup>(3)</sup>	2,021,309	4,860,646	21,323,621	57,345,076	5,955,402	-	91,506,054
Funds borrowed	3,413,408	56,216,975	11,228,359	18,123,503	7,087,156	2,367,270	98,436,671
Other liabilities <sup>(4)</sup>	1,196,457	3,700,400	1,591,568	1,031,003	2,666,436	63,448,311	73,634,175
<b>Total liabilities</b>	<b>454,270,487</b>	<b>172,486,994</b>	<b>65,462,944</b>	<b>88,391,476</b>	<b>15,800,585</b>	<b>232,488,612</b>	<b>1,028,901,098</b>
On balance sheet long position	-	-	123,029,085	100,010,027	80,802,931	-	303,842,043
On balance sheet short position	(231,192,886)	(796,867)	-	-	-	(71,852,290)	(303,842,043)
Off-balance sheet long position	3,951,650	14,297,259	-	-	-	-	18,248,909
Off-balance sheet short position	-	-	(40,287)	(699,332)	(1,786,197)	-	(2,525,816)
<b>Net position</b>	<b>(227,241,236)</b>	<b>13,500,392</b>	<b>122,988,798</b>	<b>99,310,695</b>	<b>79,016,734</b>	<b>(71,852,290)</b>	<b>15,723,093</b>

- (1) Non-performing loans are shown in the "Non-Interest Bearing" column.  
 (2) Subsidiaries, associates and tangible and intangible assets, deferred tax and expected credit losses are included in "non-interest bearing" column.  
 (3) Subordinated debts are shown under securities issued.  
 (4) Equity is included in "Non-Interest Bearing" column in other liabilities line.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period- December 31, 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets:</b>							
Cash and balances with CBRT	12,125,735	-	-	-	-	81,081,507	93,207,242
Banks	58,004	864,828	-	-	-	2,169,348	3,092,180
Financial assets at fair value through profit/loss	3,038	2,990,006	1,930,131	2,190,923	-	344,183	7,458,281
Interbank money market placements	203,259	3,330	-	-	-	-	206,589
Available-for-sale financial assets	7,787,829	5,715,566	20,595,310	41,174,425	8,636,636	18,159	83,927,925
Loans <sup>(1)</sup>	144,392,490	74,156,428	92,857,180	72,375,326	48,163,181	17,930,171	449,874,776
Held-to-maturity investments	21,435,614	3,920,978	11,726,453	16,327,735	5,336,472	-	58,747,252
Other assets <sup>(2)</sup>	1,119,830	3,162,424	3,377,619	199,622	1,935,742	5,781,035	15,576,272
<b>Total assets</b>	<b>187,125,799</b>	<b>90,813,560</b>	<b>130,486,693</b>	<b>132,268,031</b>	<b>64,072,031</b>	<b>107,324,403</b>	<b>712,090,517</b>
<b>Liabilities:</b>							
Bank deposits	16,980,113	4,416,355	-	-	-	1,636,729	23,033,197
Other deposits	227,148,438	70,354,742	16,543,171	1,454,494	58,501	78,929,339	394,488,685
Interbank money market takings	84,629,165	3,262,412	6,310,789	7,109,839	-	-	101,312,205
Miscellaneous payables	-	-	-	-	-	13,669,237	13,669,237
Securities issued <sup>(3)</sup>	2,297,746	5,016,792	12,916,833	36,381,213	9,000,737	-	65,613,321
Funds borrowed	2,369,839	30,856,762	10,897,561	5,419,524	507,370	1,637,939	51,688,995
Other liabilities <sup>(4)</sup>	1,155,079	2,250,577	3,199,591	119,308	1,883,337	53,676,985	62,284,877
<b>Total liabilities</b>	<b>334,580,380</b>	<b>116,157,640</b>	<b>49,867,945</b>	<b>50,484,378</b>	<b>11,449,945</b>	<b>149,550,229</b>	<b>712,090,517</b>
On balance sheet long position	-	-	80,618,748	81,783,653	52,622,086	-	215,024,487
On balance sheet short position	(147,454,581)	(25,344,080)	-	-	-	(42,225,826)	(215,024,487)
Off-balance sheet long position	3,114,500	8,115,216	-	-	-	-	11,229,716
Off-balance sheet short position	-	-	(2,342,817)	(815,150)	(1,813,464)	-	(4,971,431)
<b>Net position</b>	<b>(144,340,081)</b>	<b>(17,228,864)</b>	<b>78,275,931</b>	<b>80,968,503</b>	<b>50,808,622</b>	<b>(42,225,826)</b>	<b>6,258,285</b>

- (1) Non-performing loans are shown in the "Non-Interest Bearing" column.  
 (2) Subsidiaries, associates and tangible and intangible assets, deferred tax and expected credit losses are included in "non-interest bearing" column.  
 (3) Subordinated debts are shown under securities issued.  
 (4) Equity is included in "Non-Interest Bearing" column in other liabilities line.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. CONSOLIDATED INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments <sup>(\*)</sup>:

Current Period- December 31, 2021	Euro	US Dollar	Yen	TL
	%	%	%	%
<b>Assets:</b>				
Cash and balance with CBRT	-	-	-	8.50
Banks	0.66	0.06	-	17.60
Financial assets at fair value through profit/loss	-	-	-	19.29
Interbank money market placements	-	-	-	19.50
Financial assets at fair value through other comprehensive income	3.69	3.78	-	16.22
Loans	4.77	7.24	-	16.02
Financial assets measured at amortized cost	4.59	6.34	-	12.59
	-	-	-	-
<b>Liabilities:</b>				
Bank deposits	0.46	0.72	-	17.69
Other deposits	0.43	1.07	-	16.13
Interbank money market takings	0.87	2.06	-	14.05
Miscellaneous payables	-	-	-	-
Securities issued <sup>(**)</sup>	5.08	6.11	-	15.47
Funds borrowed	1.68	2.51	-	17.63

  

Prior Period - December 31, 2020	Euro	US Dollar	Yen	TL
	%	%	%	%
<b>Assets:</b>				
Cash and balance with CBRT	-	-	-	12.00
Banks	0.08	0.11	-	18.22
Financial assets at fair value through profit/loss	-	-	-	10.95
Interbank money market placements	-	-	-	17.70
Financial assets at fair value through other comprehensive income	3.43	3.61	-	12.38
Loans	5.02	6.16	-	13.07
Financial assets measured at amortized cost	4.60	6.27	-	10.57
	-	-	-	-
<b>Liabilities:</b>				
Bank deposits	1.08	1.89	-	19.64
Other deposits	1.58	2.75	-	14.76
Interbank money market takings	1.25	1.88	-	17.08
Miscellaneous payables	-	-	-	-
Securities issued <sup>(**)</sup>	4.04	6.07	-	14.38
Funds borrowed	1.99	2.61	-	14.50

<sup>(\*)</sup> The rates above are calculated over financial instruments with interest rates.

<sup>(\*\*)</sup> Subordinated debts are shown under securities issued.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. CONSOLIDATED STOCK POSITION RISK

Stock position risks arising from banking book items

Information on separations of risks according to objectives including their relation with gains presented in equity and strategically reasons, accounting techniques and general information about valuation methods with the related assumptions and factors that affect the valuation and significant changes

The accounting applications regarding to share investment that qualifications in associate and at fair value through profit or loss, at fair value through other comprehensive income subsidiary of are disclosed in Section 3 Note III and Note VII.

If carrying value is substantially different from fair value and for publicly traded shares if market value is substantially different from fair value, the comparison with the market prices are shown in the table below:

Current Period- December 31, 2021	Comparison		
	Carrying Value	Fair Value <sup>(*)</sup>	Market Value <sup>(*)</sup>
<b>Stock Investments</b>			
<b>Stocks quoted in exchange<sup>(*)</sup></b>	<b>907,239</b>	<b>907,239</b>	<b>907,239</b>
1.Stocks Investments Group A	876,601	876,601	876,601
2.Stock Investments Group B	30,638	30,638	30,638
3.Stock Investments Group C	-	-	-
<b>Stocks unquoted in exchange<sup>(**)</sup></b>	<b>2,429,047</b>	<b>2,175,410</b>	<b>-</b>

<sup>(\*)</sup> The values of stocks traded in Stock Exchange are included to both columns assuming the market value is approximate to fair value.

<sup>(\*\*)</sup> The values of stocks unquoted in exchange are determined according to December 31, 2021 valuation reports prepared by independent valuation companies.

Prior Period - December 31, 2020	Comparison		
	Carrying Value	Fair Value <sup>(*)</sup>	Market Value <sup>(*)</sup>
<b>Stock Investments</b>			
<b>Stocks quoted in exchange<sup>(*)</sup></b>	<b>675,768</b>	<b>675,768</b>	<b>675,768</b>
1.Stocks Investments Group A	675,587	675,587	675,587
2.Stock Investments Group B	181	181	181
3.Stock Investments Group C	-	-	-
<b>Stocks unquoted in exchange<sup>(**)</sup></b>	<b>1,557,866</b>	<b>1,411,145</b>	<b>-</b>

<sup>(\*)</sup> The values of stocks traded in Stock Exchange are included to both columns assuming the market value is approximate to fair value.

<sup>(\*\*)</sup> The values of stocks unquoted in exchange are determined according to December 31, 2021 valuation reports prepared by independent valuation companies.

Total unearned gain or loss, total revaluation surplus and values included to principal and supplementary capital

Total unrealized gain or loss, total appraisal surplus and values included to principal and supplementary capital are given in the below table:

Portfolio-Current Period - December 31, 2021	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total <sup>(*)</sup>	Included in Supplementary Capital	Total <sup>(*)</sup>	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	1,733,817	1,733,817	-	-
<b>4. Total</b>	<b>-</b>	<b>1,733,817</b>	<b>1,733,817</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup> Amounts are presented including the effect of deferred tax.

Portfolio-Prior Period - December 31, 2020	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total <sup>(*)</sup>	Included in Supplementary Capital	Total <sup>(*)</sup>	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	1,086,781	1,086,781	-	-
<b>4. Total</b>	<b>-</b>	<b>1,086,781</b>	<b>1,086,781</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup> Amounts are presented including the effect of deferred tax.

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**V. CONSOLIDATED STOCK POSITION RISK (Continued)**

**Explanations on Equity Shares Risk Arising from Banking Book**

<b>Portfolio-Current Period - December 31, 2021</b>	<b>Carrying Value</b>	<b>Total RWA<sup>(*)</sup></b>	<b>Minimum Capital Requirement</b>
1.Private Equity Investments	-	-	-
2.Quoted	907,239	907,239	72,579
3.Other Stocks	2,429,047	2,297,189	183,775
<b>4. Total</b>	<b>3,336,286</b>	<b>3,204,428</b>	<b>256,354</b>

(\*) In accordance with the BRSA regulation dated December 21, 2021 and numbered 9996, in the calculation of the amount subject to credit risks, simple arithmetic average of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date is taken into consideration.

<b>Portfolio-Prior Period- December 31, 2020</b>	<b>Carrying Value</b>	<b>Total RWA</b>	<b>Minimum Capital Requirement</b>
1.Private Equity Investments	-	-	-
2.Quoted	675,768	674,641	53,971
3.Other Stocks	1,557,866	1,548,254	123,860
<b>4. Total</b>	<b>2,233,634</b>	<b>2,222,895</b>	<b>177,831</b>

(\*) In accordance with the BRSA regulation dated December 8, 2020 and numbered 9312, in the calculation of the amount subject to credit risks, simple arithmetic average of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date is taken into consideration.

**VI. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO**

Liquidity risk is defined as the risk of not fulfilling payment liabilities on time as a result of not having adequate cash or cash inflow to meet the cash outflow properly due to imbalance in cash flows of the Parent Bank. The framework of liquidity risk of the Group is specified with Liquidity Risk Management Document. In the framework of liquidity risk management, policies regarding liquidity risk management are written down by Risk Management Department and fundamental principles, analyses regarding measurement and monitoring risk, basic rudiments on early warning indicators, liquidity buffer and limits are included.

The Group is managing liquidity risk according to risk capacity and the Group's risk appetite in the range envisioned by the regulations. Liquidity risk management approach is in general based on the principle of monitoring in-day liquidity risk. The Group monitors the net liquidity position and liquidity requirements continuously and facing the future. The Group takes precautions to increase diversity in fund sources to increase effectiveness and durability in liquidity risk management. On market basis and specific to the Group (in consideration of market and funding liquidity) scenario and susceptibility analyses are performed and assumptions based on these analyses are reviewed regularly. It is aimed to protect the optimum liquidity level that can meet short – term liquidity needs not to remain inactive and maintain profitability – risk balance.

In addition to the structure specified regarding the liquidity risk management of the Group, there are also various systems and processes established by subsidiaries and affiliates. It is essential that the aforementioned systems and processes are designed in compliance with the generally accepted approaches regarding liquidity risk management and the legal regulations governing each subsidiary and affiliate. The established structures and regulations are expected to contribute to the liquidity risk management structure of the Parent Bank with all its partnerships, as well as the effective management of the liquidity risk of the subsidiaries and affiliates.

Liquidity management in the Parent Bank is carried out under Treasury Department in regard to the Parent Bank's strategic goals and projections, decisions taken in Asset/Liability Committee, treasury policies, limits defined under market circumstances, the Parent Bank's balance sheet and income goals and strategies defined to meet these goals. Daily, weekly, and monthly cash flow statements are prepared in accordance with principles of profitability and prudence in the Bank's liquidity management. Cash flow statements are evaluated and the Parent Bank's liquidity is managed in line with Treasury Department policies, daily TL and FC liquidity position Bank balance sheet and income goals.

Scenarios about where to make replacement funding in case of high amount outflows in daily liquidity management are made regularly, effects of probable outflows on liquidity level and legal ratios are evaluated and liquidity management is carried out by taking necessary actions.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

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

Liquidity risk is defined as the risk of not fulfilling payment liabilities on time as a result of not having adequate cash or cash inflow to meet the cash outflow properly due to imbalance in cash flows of the Parent Bank. The framework of liquidity risk of the Parent Bank is specified with Liquidity Risk Management Document. In the framework of liquidity risk management, policies regarding liquidity risk management are written down by Risk Management Department and fundamental principles, analyses regarding measurement and monitoring risk, basic rudiments on early warning indicators, liquidity buffer and limits are included.

It is taken as a basis that the Parent Bank consistently monitors TL and FC liquidity positions and funding strategies. Necessary precautions are taken in line with liquidity needs by following stress circumstances. “Liquidity Emergency Action Plan” which is an important part of liquidity risk management of the Parent Bank, consists of early warning indicators which play an important role in monitoring increases in liquidity risk and the prevention of a possible crisis, action plans to prevent a possible crisis and to be applied during a crisis. Furthermore, to fulfill the banks reserve deposits liability that it has to allocate in the presence of CBRT, alternative fund sources to provide liquidity that is needed in various stress circumstances and under which circumstances to apply these sources, precautions to minimize time maturity mismatch and provide necessary funds on time, how the mechanism is going to operate in cases of crisis and stress is included in the plan.

In line with the Covid-19 outbreak, which caused a serious slowdown in global and regional economic activities, liquidity adequacy is constantly monitored through stress tests and scenario analyzes. It is observed that the impact of the Covid-19 outbreak on the Parent Bank's liquidity adequacy is limited.



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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

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

In accordance with the "Regulation on the Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948, the highest and lowest values of the Bank's Liquidity Coverage Ratio calculated weekly for the last three months and the weeks when these values were observed are given in the table below. In accordance with the related regulation, consolidated and non-consolidated total and foreign currency minimum liquidity coverage ratios are determined as one hundred percent and eighty percent, respectively.

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	October 2021	132.23	November 2021	273.14
The highest value	December 2021	161.33	October 2021	368.89

**Liquidity Coverage Ratio**

Current Period- December 31, 2021		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	Total High Quality Liquid Assets (HQLA)			179,928,821	128,428,918
<b>CASH OUTFLOWS</b>					
2	Retail deposits and deposits from small business customers, of which:	251,766,629	144,226,722	23,061,501	14,422,672
3	Stable deposits	42,303,253	-	2,115,163	-
4	Less stable deposits	209,463,376	144,226,722	20,946,338	14,422,672
5	Unsecured wholesale funding, of which:	271,766,414	135,592,521	115,934,247	55,244,647
6	Operational deposits	176,062,029	89,894,415	44,015,507	22,473,604
7	Non-operational deposits	63,757,843	32,017,125	40,082,844	19,199,738
8	Unsecured debt	31,946,542	13,680,981	31,835,896	13,571,305
9	Secured wholesale funding			-	-
10	Additional requirements of which:	34,706,198	14,219,227	34,706,197	14,219,228
11	Outflows related to derivative exposures and other collateral requirements	34,636,637	14,219,227	34,636,636	14,219,228
12	Outflows related to loss of funding on debt products	69,561	-	69,561	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	58,301,245	52,448,818	2,915,062	2,622,441
15	Other contingent funding obligations	157,426,522	52,740,033	12,870,440	4,234,748
16	<b>TOTAL CASH OUTFLOWS</b>			<b>189,487,447</b>	<b>90,743,736</b>
<b>CASH INFLOWS</b>					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	38,086,783	17,038,593	28,719,072	13,830,975
19	Other cash inflows	36,755,265	36,164,775	36,755,265	36,164,775
20	<b>TOTAL CASH INFLOWS</b>	<b>74,842,048</b>	<b>53,203,368</b>	<b>65,474,337</b>	<b>49,995,750</b>
<b>Upper Limit Applied Values</b>					
21	<b>TOTAL HQLA</b>			<b>179,928,821</b>	<b>128,428,918</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>124,013,110</b>	<b>40,747,986</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>144.44</b>	<b>331.34</b>

(\*) Simple arithmetic average, calculated for the last three months, of the values calculated by taking monthly simple arithmetic average.

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

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	November 2020	121.00	October 2020	232.42
The highest value	December 2020	127.06	December 2020	363.42

**Liquidity Coverage Ratio**

Prior Period- December 31, 2020		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	Total High Quality Liquid Assets (HQLA)			124,139,266	86,488,287
<b>CASH OUTFLOWS</b>					
2	Retail deposits and deposits from small business customers, of which:	177,793,395	93,982,622	15,991,053	9,398,262
3	Stable deposits	35,765,722	-	1,788,286	-
4	Less stable deposits	142,027,673	93,982,622	14,202,767	9,398,262
5	Unsecured wholesale funding, of which:	219,427,897	88,274,025	89,170,218	35,593,402
6	Operational deposits	124,282,602	51,955,173	31,070,650	12,988,793
7	Non-operational deposits	79,063,650	30,500,132	42,133,982	16,851,778
8	Unsecured debt	16,081,645	5,818,720	15,965,586	5,752,831
9	Secured wholesale funding			-	-
10	Additional requirements of which:	20,433,625	8,840,396	20,433,624	8,840,397
11	Outflows related to derivative exposures and other collateral requirements	20,433,625	8,840,396	20,433,624	8,840,397
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	41,920,581	37,645,861	2,096,029	1,882,293
15	Other contingent funding obligations	107,318,888	28,513,474	8,906,811	2,150,667
16	<b>TOTAL CASH OUTFLOWS</b>			<b>136,597,735</b>	<b>57,865,021</b>
<b>CASH INFLOWS</b>					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	28,064,091	8,659,272	16,992,522	6,045,266
19	Other cash inflows	19,642,443	19,520,248	19,642,443	19,520,248
20	<b>TOTAL CASH INFLOWS</b>	<b>47,706,534</b>	<b>28,179,520</b>	<b>36,634,965</b>	<b>25,565,514</b>
<b>Upper Limit Applied Values</b>					
21	<b>TOTAL HQLA</b>			<b>124,139,266</b>	<b>86,488,287</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>99,962,770</b>	<b>32,299,507</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>124.27</b>	<b>278.08</b>

(\*) Simple arithmetic average, calculated for the last three months, of the values calculated by taking monthly simple arithmetic average.

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

With the “Liquidity Coverage Rate” which is prepared under the framework of “Regulations Regarding Banks’ Calculations of Liquidity Coverage Rate” published by BRSA, the balance between banks’ net cash outflows and high quality liquid asset stock.

The Group’s high quality liquid asset stock consists of cash and debt instruments issued by CBRT and Ministry of Treasury and Finance of the Republic of Turkey.

Whereas the Group’s important fund sources are deposits, funds obtained from other financial institutions, securities issued and funds obtained from repo transactions.

Derivatives transactions with 30 or less days to maturity are included into liquidity coverage calculation with cash outflows created by the transactions as of the calculated liquidity coverage rate. In case of a liability resulting from derivatives transactions and security fulfillment liability resulting from other liabilities, actions are taken accordingly to the related regulation.

**Maturity analysis of assets and liabilities according to remaining maturities:**

Current Period – December 31, 2021	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (*)	Total
<b>Assets:</b>								
Cash and balance with CBRT	144,172,545	-	-	-	-	-	-	144,172,545
Banks	20,370,518	134,941	812,580	307,252	5	-	-	21,625,296
Financial assets at fair value through profit/loss	62,619	3,616,623	3,147	645,747	11,807,732	-	455,956	16,591,824
Interbank money market placements	-	-	6,914,400	3,499	-	-	-	6,917,899
Financial assets at fair value through other comprehensive	-	560,129	1,190,108	25,824,012	87,721,407	23,636,043	21,978	138,953,677
Loans	-	56,477,962	28,868,818	112,391,210	225,347,693	166,529,480	19,139,928	608,755,091
Financial assets measured at amortized cost	-	268,061	556,255	4,429,076	41,947,547	26,661,044	-	68,863,933
Other assets (**)	712,523	12,011,698	2,761,727	1,096,723	5,513,121	7,139,198	(11,212,207)	18,022,783
<b>Total assets</b>	<b>165,318,205</b>	<b>73,069,414</b>	<b>41,107,035</b>	<b>144,697,519</b>	<b>372,337,505</b>	<b>223,965,765</b>	<b>8,405,655</b>	<b>1,028,901,098</b>
<b>Liabilities:</b>								
Bank deposits	1,887,223	22,314,690	9,026,003	-	-	-	-	33,227,916
Other deposits	145,837,176	300,291,311	90,673,571	23,266,226	2,422,187	91,591	-	562,582,062
Funds borrowed	-	2,731,117	5,471,146	30,909,525	39,841,323	19,483,560	-	98,436,671
Interbank money market takings	-	121,357,837	5,638,915	9,665,385	11,813,392	241,833	-	148,717,362
Securities issued (***)	-	1,451,509	3,615,315	18,367,059	57,008,782	11,063,389	-	91,506,054
Miscellaneous payables	61,698	12,139,449	28,479	239	1,503,334	-	7,063,659	20,796,858
Other liabilities	249,213	1,047,824	3,603,732	1,130,812	1,337,593	3,228,899	63,036,102	73,634,175
<b>Total liabilities</b>	<b>148,035,310</b>	<b>461,333,737</b>	<b>118,057,161</b>	<b>83,339,246</b>	<b>113,926,611</b>	<b>34,109,272</b>	<b>70,099,761</b>	<b>1,028,901,098</b>
<b>Liquidity gap</b>	<b>17,282,895</b>	<b>(388,264,323)</b>	<b>(76,950,126)</b>	<b>61,358,273</b>	<b>258,410,894</b>	<b>189,856,493</b>	<b>(61,694,106)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>	<b>-</b>	<b>8,067,835</b>	<b>938,244</b>	<b>328,206</b>	<b>3,720,350</b>	<b>4,262,132</b>	<b>-</b>	<b>17,316,767</b>
Receivables from Derivative Financial Instruments	-	59,643,827	9,532,720	17,848,520	28,260,382	68,052,584	-	183,338,033
Payables from Derivative Financial Instruments	-	51,575,992	8,594,476	17,520,314	24,540,032	63,790,452	-	166,021,266
<b>Non-cash Loans</b>	<b>79,337,989</b>	<b>13,223,627</b>	<b>22,155,655</b>	<b>45,704,404</b>	<b>29,669,939</b>	<b>3,162,907</b>	<b>201,405</b>	<b>193,455,926</b>
<b>Prior Period – December 31, 2020</b>								
<b>Total assets</b>	<b>95,802,799</b>	<b>42,992,198</b>	<b>24,151,505</b>	<b>73,586,299</b>	<b>306,178,211</b>	<b>149,587,107</b>	<b>19,792,398</b>	<b>712,090,517</b>
<b>Total liabilities</b>	<b>81,773,050</b>	<b>340,994,057</b>	<b>86,429,577</b>	<b>59,239,118</b>	<b>59,021,427</b>	<b>26,675,223</b>	<b>57,958,065</b>	<b>712,090,517</b>
<b>Liquidity gap</b>	<b>14,029,749</b>	<b>(298,001,859)</b>	<b>(62,278,072)</b>	<b>14,347,181</b>	<b>247,156,784</b>	<b>122,911,884</b>	<b>(38,165,667)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>	<b>808</b>	<b>(659,733)</b>	<b>305,798</b>	<b>821,162</b>	<b>1,407,502</b>	<b>1,798,650</b>	<b>-</b>	<b>3,674,187</b>
Receivables from Derivative Financial Instruments	75,355	29,648,900	12,779,335	23,015,139	10,104,711	41,554,516	-	117,177,956
Payables from Derivative Financial Instruments	74,547	30,308,633	12,473,537	22,193,977	8,697,209	39,755,866	-	113,503,769
<b>Non-cash Loans</b>	<b>47,324,566</b>	<b>4,613,173</b>	<b>8,968,987</b>	<b>20,835,395</b>	<b>18,312,108</b>	<b>2,183,360</b>	<b>238,613</b>	<b>102,476,202</b>

(1) Subsidiaries, associates and tangible and intangible assets and deferred tax asset are stated in undistributed column.  
(2) Subordinated debt are shown under securities issued.  
(3) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed assets, associates and subsidiaries, stationery, pre-paid expenses and non-performing loans are shown in this column  
(4) Expected loss provisions for financial assets are shown under the undistributed column of Other Assets.

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**VII. CONSOLIDATED LEVERAGE RATIO**

**Information on Issues that Cause Differences between Current Period and Previous Period Leverage Ratios**

The Group’s consolidated leverage rate which is calculated due to “Regulation on Banks’ Measurement and Evaluation of Leverage Level” actualised as %5.56. Increase in balance sheet assets and off-balance sheet transactions resulted in change on leverage rate compared to previous period (December 31, 2020: %6.82). The Regulation adjudicated minimum leverage rate as 3%.

**Summary comparison table of the total risk amount and the total asset amount in the consolidated financial statements prepared as per TAS**

	Current Period- December 31, 2021	Prior Period- December 31, 2020
Total asset amount in the consolidated financial statements prepared as per TAS (1)	742,724,824	712,313,146
The difference between the total asset amount in the consolidated financial statements prepared as per TAS and the asset amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks (1)	329,808	222,629
The difference between the derivative financial instruments and the loan derivatives amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts (2)	(10,885,286)	(11,992,729)
The difference between the financial transactions with securities or goods warranty amounts in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts (2)	89,661,506	43,844,131
The difference between the off-balance sheet transactions amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts (2)	81,676,710	74,689,025
Other differences between the amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts (2)	(343,722,492)	(258,558,222)
<b>Total risk amount</b>	<b>929,605,757</b>	<b>843,665,167</b>

(1) The balances at the end of June 30, 2021 and December 31, 2020 prepared in accordance with Article 5, paragraph 6, of the Communiqué on the Preparation of the Consolidated Financial Statements of the Banks are included.  
(2) The balances in the table represent the average of three months.

**Leverage ratio common disclosure template**

	Current Period - December 31, 2021 (*)	Prior Period- December 31, 2020(*)
<b>On-balance sheet exposures</b>		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	936,780,229	689,857,937
2. Assets deducted in determining Basel III Tier 1 capital	(478,249)	(456,602)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	936,301,980	689,401,335
<b>Derivative exposures</b>		
4. Replacement cost	18,000,876	10,505,184
5. Add-on amount	2,286,605	1,487,545
6. Total derivative exposures	20,287,481	11,992,729
<b>Securities financing transaction exposures</b>		
7. Gross SFT assets (with no recognition of accounting netting)	12,360,212	7,922,416
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	12,360,212	7,922,416
<b>Other off-balance sheet exposures</b>		
10. Off-balance sheet exposures with gross nominal amount	338,555,893	208,974,369
11. Adjustment amount off-balance sheet exposures with credit conversion factor	(103,938,729)	(74,625,681)
12. Total off-balance sheet exposures	234,617,164	134,348,688
<b>Capital and total exposures</b>		
13. Tier 1 capital	66,554,350	57,536,426
14. Total exposures	1,203,566,837	843,665,168
<b>Leverage ratio</b>		
15. Leverage ratio	5.56	6.82

(\*) Calculated by using three month average of balances in Leverage Rate Notification table.

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VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Current Period - December 31, 2021	Carrying Value	Fair Value
<b>Financial Assets:</b>		
Receivables from Interbank Money Markets	6,917,899	6,917,899
Banks	21,625,296	21,625,296
Financial Assets at Fair Value through Profit or Loss	16,591,824	16,591,824
Financial Assets at Fair Value through Other Comprehensive Income	138,953,677	138,953,677
<b>Financial Liabilities:</b>		
<b>Bank Deposits</b>	33,227,916	33,227,916
Other Deposits	562,582,062	561,913,129
Funds Borrowed	98,436,671	98,101,000
Marketable Securities	62,537,627	62,573,790
Subordinated Loans	28,968,427	28,990,293
<b>Prior Period- December 31, 2020</b>	<b>Carrying Value</b>	<b>Fair Value</b>
<b>Financial Assets:</b>		
Receivables from Interbank Money Markets	206,589	206,589
Banks	3,092,180	3,092,180
Financial Assets at Fair Value through Profit or Loss	7,458,281	7,458,281
Financial Assets at Fair Value through Other Comprehensive Income	83,927,925	83,927,925
<b>Financial Liabilities:</b>		
Assets Measured at Amortised Cost	58,747,252	61,125,697
Loans	449,874,776	446,393,626
<b>Bank Deposits</b>	23,033,197	23,033,197
Other Deposits	394,488,685	395,812,966
Funds Borrowed	51,688,995	51,760,302
Marketable Securities	46,154,523	46,210,773
Subordinated Loans	19,458,798	19,481,535

Fair values of available-for-sale financial assets and held-to-maturity investments are derived from market prices or in case of absence of such prices they are derived from prices of other marketable securities, whose interest rate, maturity date and other conditions are similar to securities held.

Fair value of loans are calculated by discounting future cash flows with the use of current market interest rates.

Fair value of funds borrowed with fixed interest rate are calculated by discounting cash flows with current market interest rates. Fair value of funds borrowed with floating interest rate is calculated according to repricing period by discounting cash flows with current market rates.

Fair value of other assets and liabilities is calculated by adding accumulated acquisition costs and the sum of the interest accrual.

Classification of Fair Value Measurement

IFRS 7 - Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows:

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VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

Current Period-December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	<b>474,794</b>	<b>15,939,741</b>	<b>177,289</b>	<b>16,591,824</b>
Debt securities	118,890	15,939,741	-	16,058,631
Equity securities	318,988	-	169,483	488,471
Other financial assets	36,916	-	7,806	44,722
Financial assets at fair value through other comprehensive income	129,874,442	9,071,989	7,246	138,953,677
Government debt securities	127,138,430	8,798,400	-	135,936,830
Equity securities	14,732	-	7,246	21,978
Other financial assets	2,721,280	273,589	-	2,994,869
Derivative financial assets at fair value through profit or loss	-	21,246,426	-	21,246,426
Investments in affiliates and subsidiaries	588,251	-	1,992,295	2,580,546
<b>Total Financial Assets</b>	<b>130,937,487</b>	<b>46,258,156</b>	<b>2,176,830</b>	<b>179,372,473</b>
Financial liabilities at fair value through profit/loss:	-	-	-	-
Derivative financial liabilities at fair value through profit or loss	-	(5,490,278)	-	(5,490,278)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(5,490,278)</b>	<b>-</b>	<b>(5,490,278)</b>
<b>Prior Period- December 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit/loss:	<b>288,388</b>	<b>7,000,000</b>	<b>169,893</b>	<b>7,458,281</b>
Debt securities	110,576	7,000,000	-	7,110,576
Equity securities	162,165	-	169,482	331,647
Other financial assets	15,647	-	411	16,058
Financial assets at fair value through other comprehensive income	83,334,603	589,294	4,028	83,927,925
Government debt securities	81,506,602	-	-	81,506,602
Equity securities	14,131	-	4,028	18,159
Other financial assets	1,813,870	589,294	-	2,403,164
Derivative financial assets at fair value through profit or loss	-	8,740,985	-	8,740,985
Investments in affiliates and subsidiaries	513,604	-	1,228,032	1,741,636
<b>Total Financial Assets</b>	<b>84,136,595</b>	<b>16,330,279</b>	<b>1,401,953</b>	<b>101,868,827</b>
Financial liabilities at fair value through profit/loss:	-	-	-	-
Derivative financial liabilities at fair value through profit or loss	-	(6,083,301)	-	(6,083,301)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(6,083,301)</b>	<b>-</b>	<b>(6,083,301)</b>

(\*) Fair values of the subsidiaries with fair values that are observable and not based on market data is calculated by independent valuation institutions using various methods (discounted cash flows and dividend method, adjusted net asset value method, peer comparison, realized company acquisitions and mergers). Depending on the changes in the assumptions used by independent valuation institutions in determining the fair value, the carrying value of the subsidiaries and affiliates may change.

Prior Period- December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	<b>288,388</b>	<b>7,000,000</b>	<b>169,893</b>	<b>7,458,281</b>
Debt securities	110,576	7,000,000	-	7,110,576
Equity securities	162,165	-	169,482	331,647
Other financial assets	15,647	-	411	16,058
Financial assets at fair value through other comprehensive income	83,334,603	589,294	4,028	83,927,925
Government debt securities	81,506,602	-	-	81,506,602
Equity securities	14,131	-	4,028	18,159
Other financial assets	1,813,870	589,294	-	2,403,164
Derivative financial assets at fair value through profit or loss	-	8,740,985	-	8,740,985
Investments in affiliates and subsidiaries	513,604	-	1,228,032	1,741,636
<b>Total Financial Assets</b>	<b>84,136,595</b>	<b>16,330,279</b>	<b>1,401,953</b>	<b>101,868,827</b>
Financial liabilities at fair value through profit/loss:	-	-	-	-
Derivative financial liabilities at fair value through profit or loss	-	(6,083,301)	-	(6,083,301)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(6,083,301)</b>	<b>-</b>	<b>(6,083,301)</b>

(\*) Fair values of the subsidiaries with fair values that are observable and not based on market data is calculated by independent valuation institutions using various methods (discounted cash flows and dividend method, adjusted net asset value method, peer comparison, realized company acquisitions and mergers). Depending on the changes in the assumptions used by independent valuation institutions in determining the fair value, the carrying value of the subsidiaries and affiliates may change.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021**

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

**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)**

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy as at and for the year ended December 31, 2021 is as follows:

Level 3	Current Period - December 31, 2021	Prior Period- December 31, 2020
Balance at the beginning of the year	1,401,953	1,161,477
Total gains or losses for the year recognized in profit or loss	-	-
Total gains or losses for the year recognized under equity	774,877	240,476
<b>Balance at the end of the year</b>	<b>2,176,830</b>	<b>1,401,953</b>

**IX. TRANSACTIONS CARRIED OUT ON BEHALF OF CUSTOMERS, ITEMS HELD IN TRUST**

The Parent Bank provides buying, selling and custody services and management and advisory services in financial matters for its customers. The Group is not involved in trust activities.

**X. CONSOLIDATED SEGMENT REPORTING**

The Group operates in corporate, commercial, small business, retail, treasury and investment banking. Accordingly, the banking products served to customers are; time and demand deposit, accumulating account, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, overdraft facilities, gold loans, foreign currency loans, Eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account, cheques, safety boxes, bill payments, tax collections, payment orders.

The Group provides service packages to its corporate, commercial and retail customers including deposit, loans, foreign trade transactions, investment products, cash management, leasing, factoring, insurance, credit cards, and other banking products. A customer-oriented branch network has been built in order to serve customers’ needs effectively and efficiently.

Additionally, the Group provides “small business” banking service to enterprises in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, TL and foreign currency deposits, investment accounts, internet banking and call-center, debit card, and bill payment.

Retail banking customers form a wide-spread and sustainable deposit base for the Parent Bank. Individual customers’ needs are met by diversified consumer banking products through branches and alternative delivery channels.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**X. CONSOLIDATED SEGMENT REPORTING (Continued)**

Major financial statement items according to business lines:

	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
<b>Current Period- December 31, 2021</b>					
<b>OPERATING INCOME/ EXPENSES</b>					
Interest Income	14,232,802	31,550,127	27,504,987	29,130	73,317,046
Interest Expense	12,657,285	17,742,731	22,500,142	91,463	52,991,621
Net Interest Income/Losses(Net)	1,575,517	13,807,396	5,004,845	(62,333)	20,325,425
Net Fees and Commissions Income	1,069,526	2,831,077	355,215	-	4,255,818
Trading Income/ Losses (Net)	-	-	23,394	-	23,394
Dividend Income	-	-	(4,254,115)	-	(4,254,115)
Other Income	-	-	-	8,575,813	8,575,813
Allowance for Expected Credit Losses	-	-	-	12,667,748	12,667,748
Other Expenses	-	-	-	9,729,418	9,729,418
Based on Equity Method	-	-	93,677	-	93,677
<b>Profit Before Taxes</b>	<b>2,645,043</b>	<b>16,638,473</b>	<b>1,223,016</b>	<b>(13,883,686)</b>	<b>6,622,846</b>
Provision for taxes	-	-	-	-	(1,287,150)
<b>Net Profit/ Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,335,696</b>
Segment Assets	128,072,758	354,478,813	515,448,627	28,075,063	1,026,075,261
Subsidiaries and Associates (Net)	-	-	2,825,837	-	2,825,837
<b>TOTAL ASSETS</b>	<b>128,072,758</b>	<b>354,478,813</b>	<b>518,274,464</b>	<b>28,075,063</b>	<b>1,028,901,098</b>
Segment Liabilities	247,651,905	320,011,164	373,266,181	33,771,820	974,701,070
Equity	-	-	-	54,200,028	54,200,028
<b>TOTAL LIABILITIES</b>	<b>247,651,905</b>	<b>320,011,164</b>	<b>373,266,181</b>	<b>87,971,848</b>	<b>1,028,901,098</b>

	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
<b>Prior Period- December 31, 2021</b>					
<b>OPERATING INCOME/ EXPENSES</b>					
Interest Income	10,028,402	21,925,597	16,025,982	22,040	48,002,021
Interest Expense	6,524,940	9,754,656	11,233,147	94,716	27,607,459
Net Interest Income/Losses(Net)	3,503,462	12,170,941	4,792,835	(72,676)	20,394,562
Net Fees and Commissions Income	716,192	2,005,118	262,770	-	2,984,080
Trading Income/ Losses (Net)	-	-	17,633	-	17,633
Dividend Income	-	-	(2,336,832)	-	(2,336,832)
Other Income	-	-	-	7,190,168	7,190,168
Allowance for Expected Credit Losses	1,597,641	9,207,953	990,767	109,229	11,905,590
Other Expenses	-	-	-	8,421,429	8,421,429
Based on Equity Method	-	-	62,032	-	62,032
<b>Profit Before Taxes</b>	<b>2,622,013</b>	<b>4,968,106</b>	<b>1,807,671</b>	<b>(1,413,166)</b>	<b>7,984,624</b>
Provision for taxes	-	-	-	-	(1,577,244)
<b>Net Profit/ Loss</b>	<b>2,622,013</b>	<b>4,968,106</b>	<b>1,807,671</b>	<b>(2,990,410)</b>	<b>6,407,380</b>
Segment Assets	109,522,550	258,141,374	321,544,217	20,998,548	710,206,689
Subsidiaries and Associates (Net)	-	-	1,883,828	-	1,883,828
<b>TOTAL ASSETS</b>	<b>109,522,550</b>	<b>258,141,374</b>	<b>323,428,045</b>	<b>20,998,548</b>	<b>712,090,517</b>
Segment Liabilities	159,193,919	238,791,161	245,217,084	21,736,266	664,938,430
Equity	-	-	-	47,152,087	47,152,087
<b>TOTAL LIABILITIES</b>	<b>159,193,919</b>	<b>238,791,161</b>	<b>245,217,084</b>	<b>68,888,353</b>	<b>712,090,517</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**XI. INFORMATION ON RISK MANAGEMENT**

The footnotes and related explanations published in the Official Gazette No. 29511 dated October 23, 2015 and prepared in accordance with the “Explanations Communique on Explanations to the Public Regarding Banks Risk Management” entered into force as of March 31, 2016 are given in this section. Since the Group uses a standardized approach to capital adequacy calculations, there is no disclosure within the scope of the internal rating-based approach.

In the face of sudden and unexpected changes that may arise regarding macroeconomic indicators and Bank-specific situations; Bank, reveals the risks that may be exposed such as income / expense effect, capital loss, economic value change, liquidity adequacy through various reports and stress tests conducted daily, weekly and monthly. The possible effects on the Bank’s equity and capital adequacy ratios and liquidity adequacy level are closely monitored.

The development of the risk culture by the Parent Bank in parallel with the changes in economic conjuncture and risk perception is considered as an important factor, and it aims to provide risk awareness and sensitivity in the actions to be taken. In this direction, the training given to the personnel, risk measurements and reporting, risk reporting to the Board of Directors, Senior Management and committees, the risk appetite framework created by the Parent Bank and the internal capital adequacy assessment process make a significant contribution to the dissemination of the risk culture.

**1. Information on Risk Management and Overview of Risk Weighted Amounts**

**Risk Management Strategy**

The Group manages assets and values which are entrusted to it effectively and efficiently in order to increase the constant contribution to customers, shareholders and the society. The Group adopted the forward looking risk based approach in all activities undertaken by creating assets in a high quality and managing obligations well. Generating the systems and processes of risk management and observation of its effectiveness are structured in the responsibility of Board of Directors. Current risk profile of the bank defines the all the internal and external important risks arises from the operating environment, the regulatory or economic environment. These risks defined on the console and non-console level are managed with policies and implementation procedures approved by the Bank’s Board of Directors. To achieve this, Risk Management Department working under the Audit Committee, Inspection Board Department and Internal Control Department are working in coordination with all the departments at the same time.

Risk management strategy of the Group is basically to avoid legal risks and risks which are unlikely to occur but have a huge impact, to take measures to minimize the risks (to reduce risks) that may arise due to the nature of banking activities, to purchase protection, insurance or techniques such as credit derivatives in order to transfer risks to the third parties (transfer of risk) and the acceptance of risks that are unlikely to occur and have small impact.

Within the scope of the general principles and principles observed by The Group in the context of risk management, the internal capital adequacy assessment process (İSEDES) is established in parallel with the budgeting process to determine the internal capital targets consistent with the risk profile and the activity environment and the effects of scenario outcomes on the Group projections is evaluated.

As a part of risk appetite structure, risk limits are set and over-limit exemptions and early warning levels are observed/ followed. The Parent Bank’s risk level is limited to the limits consistent with risk appetite. Risk limits are determined in accordance with the size and complexity of the Parent Bank’s risk levels, activities, products and services. The limits are reviewed regularly according to market conditions, the Bank’s strategy and the risk appetite and updated when necessary. In addition to the limits, early warning levels indicating that the limits are approached are also determined. If the limit levels are approached or exceeded, the relevant units take the necessary actions.

The risks may arise from the new products and services and effects of these risks are analyzed. For the quantification of quantifiable risks and the qualitative evaluation of non-quantifiable. Effective and applicable systems which are compatible with the Parent Bank’s product range and fields of activity are developed.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**XI. INFORMATION ON RISK MANAGEMENT (Continued)**

In response to the sudden and unexpected changes in the macroeconomic indicators and the Group’s specific circumstances, the risks the can be exposed to such as income/expenditure effect, capital loss, economic value change , liquidity adequacy are presented by various reports and stress tests conducted daily ,weekly, monthly and annually. These reports and stress tests play an active role in the process of making decisions in the context of risk based approach. Risks subject to stress tests contains all the risks related to the Group’s risk group (on the consolidated balance sheet – off the consolidated balance sheet).These risks are subject to stress test applications independently, and can be subject to stress test applications in an integrated way taking into account interactions between them.

Risks which are subject to stress test applications can be evaluated on portfolio and activities basis, consolidated and non – consolidated basis, at specific and general levels. Specific stress test applications are performed with sensitivity and scenario analysis specific to particular portfolio and activity. General stress test applications are established to ensure that Group’s risks are seen in an integrated perspective. Relations between risks are taken into account by the correlation effect and relations between portfolios are considered with diversification effect. Furthermore in addition to stress tests, reverse stress tests that enable us to evaluate which risk factors and which risk concentrations causes significant loss indicators designed from the outset are conducted.

The Risk Management Department uses the methods appropriate to national legislation and international practices to evaluate and monitor the developments in risks, to take necessary measures, to establish risk limits, to stay within the specified limits, and to perform the necessary analysis, measurement and reporting.

The development of risk culture in parallel with the changes in the economic conjuncture and risk perception is an important element of the Bank and aims to ensure risk awareness and sensitivity in the actions to be taken. In this respect, training programs, risk measurements and reports provided to the Board of Directors, Senior Management and risk reporting to the committees, the Bank’s risk appetite framework and internal capital adequacy assessment process make a significant contribution to the dissemination of risk culture.

**Risk weighted amounts**

	Risk Weighted Amount		Minimum Capital Requirements
	Current Period- December 31, 2021	Prior Period - December 31, 2020	Current Period- December 31, 2021
<b>1 Credit Risk (excluding counterparty credit risk) (*)</b>	<b>505,046,417</b>	<b>371,215,705</b>	<b>40,403,713</b>
2 Standardised approach	505,046,417	371,215,705	40,403,713
3 Internal rating based approach	-	-	-
<b>4 Counterparty Credit Risk</b>	<b>9,789,165</b>	<b>12,072,413</b>	<b>783,133</b>
5 Standardised approach for counterparty credit risk	9,789,165	12,072,413	783,133
6 Internal model method	-	-	-
<b>7 Equity position in banking book under basic risk weighting or internal rating based</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8 Equity investments in funds - look-through approach</b>	<b>7,806</b>	<b>411</b>	<b>624</b>
<b>9 Equity investments in funds - mandate-based approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10 Equity investments in funds - 1250% weighted risk approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>11 Settlement Risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12 Securitization positions in banking accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory formula approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
<b>16 Market risk</b>	<b>9,769,976</b>	<b>3,427,699</b>	<b>781,598</b>
17 Standardised approach	9,769,976	3,427,699	781,598
18 Internal model approaches	-	-	-
<b>19 Operational Risk</b>	<b>32,231,733</b>	<b>25,510,114</b>	<b>2,578,539</b>
20 Basic Indicator Approach	32,231,733	25,510,114	2,578,539
21 Standardised approach	-	-	-
22 Advanced measurement approach	-	-	-
<b>23 The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24 Floor adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>556,845,097</b>	<b>412,226,342</b>	<b>44,547,608</b>

(\*) Amounts below the equity deduction thresholds and investments in KYK are excluded.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

(Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Linkages between Financial statements and Regulatory Exposures

a) Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

Current Period- December 31, 2021	Carrying values as reported in published financial statements	Carrying values of items (according to TAS)				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization	Subject to market risk	
<b>Assets</b>						
Cash and balances at central bank	144,172,545	144,172,545	-	-	-	-
Banks	21,625,296	21,625,296	-	-	-	-
Receivables from Money Markets	6,917,899	-	6,917,899	-	-	-
Financial assets at fair value through profit or loss	16,591,824	463,762	-	-	188,322	-
Financial assets at fair value through other comprehensive income	138,953,677	138,953,677	75,043,394	-	-	-
Financial assets measured at amortised cost	73,861,983	73,861,983	57,188,376	-	-	-
Derivative financial assets	21,246,426	-	21,246,426	-	425,540	-
Non-performing financial assets	19,139,928	19,139,928	-	-	-	-
Allowance for expected credit losses (-)	(26,617,393)	(14,513,660)	-	-	-	(12,103,733)
Loans (Net)	589,615,163	589,625,956	-	-	-	(10,793)
Non-Currents Assets Or Disposal Groups "Held For Sale"						
And "From Discontinued Operations (Net)	755,253	755,253	-	-	-	-
Investments in associates (Net)	2,306,548	2,306,548	-	-	-	-
Leasing receivables	519,289	519,289	-	-	-	-
Investments in subsidiaries (Net)	-	-	-	-	-	-
Tangible Assets (Net)	4,141,051	4,325,504	-	-	-	(184,453)
Intangible Assets And Goodwill (Net)	299,405	-	-	-	-	(299,405)
Investment properties (net)	972,154	-	-	-	-	-
Currents Tax Assets (Net)	-	-	-	-	-	-
Deferred Tax Assets	72,767	72,767	-	-	-	-
Other assets	14,327,283	14,373,334	-	-	-	(46,051)
<b>Total assets</b>	<b>1,028,901,098</b>	<b>995,682,182</b>	<b>160,396,095</b>	-	<b>613,862</b>	<b>(12,644,435)</b>
<b>Liabilities</b>						
Deposits	595,809,978	-	-	-	-	595,809,978
Loans Received	98,436,671	-	-	-	-	98,436,671
Money Market Funds	148,717,362	-	142,091,998	-	-	6,625,364
Marketable Securities (Net)	62,537,627	-	-	-	-	62,537,627
Funds	3,005	-	-	-	-	3,005
Financial Liabilities At Fair Value Through Profit Or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	5,490,278	-	5,490,278	-	426,764	-
Factoring Payables	7,309	-	-	-	-	7,309
Lease Payables	958,593	-	-	-	-	958,593
Provisions	3,955,116	-	-	-	-	3,955,116
Current Tax Liabilities	1,100,367	-	-	-	-	1,100,367
Deferred Tax Assets	14,719	-	-	-	-	14,719
Liabilities Related to Non-Current Assets "Held for Sale" and "Discontinued Operations" (Net)	-	-	-	-	-	-
Subordinated debts	28,968,427	-	-	-	-	28,968,427
Other Liabilities	28,701,618	-	-	-	-	28,701,618
Shareholders' Equity	54,200,028	-	-	-	-	54,200,028
<b>Total liabilities</b>	<b>1,028,901,098</b>	-	<b>147,582,276</b>	-	<b>426,764</b>	<b>881,318,822</b>

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Linkages between Financial statements and Regulatory Exposures (Continued)

a) Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (Continued)

Prior Period - December 31, 2020	Carrying values as reported in published financial statements	Carrying values of items (according to TAS)				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization	Subject to market risk	
<b>Assets</b>						
Cash and balances at central bank	93,207,242	93,207,242	-	-	-	-
Financial assets held for trading	3,092,180	3,092,180	-	-	-	-
Financial assets designated at fair value through profit or loss	206,589	-	206,576	-	13	-
Banks	7,458,281	330,930	-	-	-	-
Receivables from money markets	83,927,925	83,813,823	25,744,884	-	114,102	-
Available for sale financial assets (net)	58,747,252	58,747,252	38,158,427	-	-	-
Loans and receivables	8,740,985	-	8,740,985	-	254,068	-
Factoring receivables	17,930,171	17,930,171	-	-	-	-
Held to maturity investments (net)	(22,154,960)	(13,691,300)	-	-	-	(8,463,660)
Investments in associates (net)	431,944,605	431,955,717	-	-	-	(11,112)
Investments in subsidiaries (net)	1,256,254	1,256,254	-	-	-	-
Investments in joint ventures (net)	1,495,977	1,495,977	-	-	-	-
Leasing receivables	387,851	387,851	-	-	-	-
Derivative financial assets held for hedges	-	-	-	-	-	-
Tangible assets (net)	4,896,410	5,083,561	-	-	-	(187,151)
Intangible assets (net)	274,124	-	-	-	-	(274,124)
Investment properties (net)	502,143	-	-	-	-	-
Tax assets	-	-	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	1,234,832	1,234,832	-	-	-	-
Other assets	18,942,656	19,067,081	-	-	-	(124,425)
<b>Total assets</b>	<b>712,090,517</b>	<b>703,911,571</b>	<b>72,850,872</b>	-	<b>368,183</b>	<b>(9,060,472)</b>
<b>Liabilities</b>						
Deposits	417,521,882	-	-	-	-	417,521,882
Derivative financial liabilities held for trading	51,688,995	-	-	-	-	51,688,995
Loans	101,312,205	-	56,956,105	-	-	44,356,100
Debt to money markets	46,154,523	-	-	-	-	46,154,523
Debt securities in issue	3,053	-	-	-	-	3,053
Funds	-	-	-	-	-	-
Various debts	6,083,301	-	6,083,301	-	251,958	-
Other liabilities	672	-	-	-	-	672
Factoring debts	978,735	-	-	-	-	978,735
Debts from leasing transactions	3,050,397	-	-	-	-	3,050,397
Derivative financial liabilities held for hedges	954,805	-	-	-	-	954,805
Provisions	57,628	-	-	-	-	57,628
Tax liability	-	-	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	19,458,798	-	-	-	-	19,458,798
Subordinated debts	17,673,436	-	-	-	-	17,673,436
Equity	47,152,087	-	-	-	-	47,152,087
<b>Total liabilities</b>	<b>712,090,517</b>	-	<b>63,039,406</b>	-	<b>251,958</b>	<b>649,051,111</b>

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**XI. INFORMATION ON RISK MANAGEMENT (Continued)**

**b) Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

Current Period- December 31, 2021		Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
1	Asset carrying value amount under scope of regulatory consolidation	1,016,256,663	995,682,182	-	160,396,095	613,862
2	Liabilities carrying value amount under regulatory scope of consolidation	147,582,276	-	-	147,582,276	426,764
3	Total net amount under regulatory scope of consolidation	868,674,387	995,682,182	-	12,813,819	187,098
4	Off-balance sheet amounts	283,597,671	102,251,725	-	8,233,240	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	122,857,259	-
10	<b>Exposure amounts considered for regulatory</b>	<b>868,674,387</b>	<b>1,097,933,907</b>	<b>-</b>	<b>131,090,499</b>	<b>187,098</b>

Prior Period- December 31, 2020		Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
1	Asset carrying value amount under scope of regulatory consolidation	703,030,045	703,911,571	-	72,850,872	368,183
2	Liabilities carrying value amount under regulatory scope of consolidation	63,039,406	-	-	63,039,406	251,958
3	Total net amount under regulatory scope of consolidation	639,990,640	703,911,571	-	9,811,466	116,225
4	Off-balance sheet amounts	196,545,161	66,562,294	-	8,773,213	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	65,089,730	-
10	<b>Exposure amounts considered for regulatory</b>	<b>639,990,640</b>	<b>770,473,865</b>	<b>-</b>	<b>83,674,409</b>	<b>116,225</b>

**c) Explanations of differences between accounting and regulatory exposure amounts**

There is no significant difference between the amounts assessed pursuant to TAS and the risk amounts used within the scope of capital adequacy reported on the financial statements.

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**XI. INFORMATION ON RISK MANAGEMENT (Continued)**

**2. Credit Risk Explanations**

**a) General Information on Credit Risk**

If the counterparty does not partially or completely fulfill its obligations in accordance with contract, the credit risk is exposed. The Group’s definition of credit risk contains the credit risk in all products and activities based on the credit definition of law of banking.

In accordance with the articles 51 and 54 of banking law and in compliance with legal legislation in order to restrict the credit risk in the crediting operations; branches, regional directorates, general directorate crediting units, deputy general manager responsible for credits, general manager, credit committee and board of directors determine the credit limits for counterparties within the framework of lending authority limits and provide credits within these limits.

Crediting activities are one of the basic and extensive fields of activities. The Parent Bank can provide all kind of crediting activities with its experience, competitiveness, variety of product and services. Parallel to this, it has a wide range of organization, regulation (legislation/documentation) and system infrastructure for the marketing, allocation and monitoring process of credit.

While establishing infrastructure, it is also supervised that all activities can be performed on a risk basis, in addition to providing the highest level of efficiency in the processes of the credits.

Credit management is not the single function within the Parent Bank and it is not restricted to the only one unit and responsibility area. Credit management is a process carried out together with different units and employees with different roles, authorities and responsibilities.

Credit facility functions are mainly carried out by the consecration units and in addition to the transactions done by the business units announced by the head of the Credit Management Department, relevant policy, strategy and framework documents are constituted by taking account of the international implementations and national legislation in order to ensure the effective and healthy management of the credit risk. The basic principles and principles of the policy, strategy and framework documents and the identification, measurement, monitoring and reporting of risk within the scope of risk management are determined. In the management of the credit risk, it is essential to consider all risk categories that may lead to capital requirements. In this subjected process, allocation units, evaluation and rating units, and risk management units are playing an active role.

The Parent Bank’s Risk Management Department continues its activities to assess, analyze and report on the credit risk in line with the policy document and measurement results and to determine the effect of the Group on the capital requirement.

Within the results of the studies made in this context, it is possible to establish better portfolios with lower potential asset classes (credit types and/or counterparties) by sharing them with the Parent Bank’s top management and the units managing the loan portfolios, trying to be a guide in these matters.

In order to identify the risks which are created by loan concentrations and to create a balanced loan portfolio, sectoral, large credit and country risk limits have been determined, and these limits are regularly reviewed and updated taking into account the Bank’s credit policy, risk appetite and economic changes.

The eventual aim of the Parent Bank is using credit risk inherent management methods in accordance with Basel III and best international implementations. In this context, studies of IRB (Internal Ratings Based Approach) are carried out. Within the scope of IRB studies, politics and procedures are updated as risk-focused. In addition, the work involves the correctness, precision and consistency of the models, which are used by the Parent Bank, and the ratios of them in determining these criteria, measuring the general coherence of the other parts of the models, and basically, the work is continued in terms of qualitative and quantitative validation (verification) of the Parent Bank’s inner credit rating systems.

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

Credit Quality of Assets

Current Period- December 31, 2021	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Defaulted Exposures		
1 Loans	19,139,928	589,615,164	26,594,761	582,160,331
2 Debt Securities	-	214,831,771	1,566,946	213,264,825
3 Off-balance sheet exposure	507,691	278,259,971	44,305	278,723,357
<b>4 Total</b>	<b>19,647,619</b>	<b>1,082,706,906</b>	<b>28,206,012</b>	<b>1,074,148,513</b>

  

Prior Period -December 31, 2020	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Defaulted Exposures		
1 Loans	17,930,171	431,944,605	22,145,495	427,729,281
2 Debt Securities	-	142,946,444	394,496	142,551,948
3 Off-balance sheet exposure	473,440	167,832,215	43,756	168,261,899
<b>4 Total</b>	<b>18,403,611</b>	<b>742,723,264</b>	<b>22,583,747</b>	<b>738,543,128</b>

Changes in Stock of Defaulted Loans and Debt Securities<sup>(\*)</sup>

	Current Period- December 31, 2021	Prior Period- December 31, 2020
<b>1 Defaulted Loans and debt securities at end of the previous reporting period</b>	<b>17,930,171</b>	<b>17,712,516</b>
2 Loans and debt securities that have defaulted since the last reporting period	5,508,365	5,728,918
3 Returned to non-defaulted status	143,467	1,649,753
4 Amounts written-off	834,885	890,789
5 Other Changes	(3,320,256)	(2,970,721)
<b>6 Defaulted Loans and debt securities at end of the reporting period (1+2-3-4+5)</b>	<b>19,139,928</b>	<b>17,930,171</b>

<sup>(\*)</sup> Indemnified non-cash loans of the firms which are followed under “Non-performing Loans” accounts are not included in the table.

Additional disclosure related to the credit quality of assets

As per the provisions of “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside” published by BRSA, capital and interest payments, and loans unpaid within their maturity or on their due date are accepted to be overdue. Loans the collection of whose capital and interest payments are overdue more than 90 days and the loans whose debtors are decided by the Bank to have lost their credit ratings are deemed to be depreciated or loans for which provision is allocated.

The Parent Bank calculates its expected loss provisions in scope of TFRS 9, as laid out in detail in Information on Expected Loss Provisions no. VIII in the Accounting Policies.

Restructuring that can be applied for performing or non-performing receivables is done by changing the terms of the loan contract or by partially or completely refinancing the loan due to the financial difficulties that the borrower is facing or is likely to encounter in the payments.

Breakdown of receivables in terms of geographic regions, sectors and remaining maturities

Breakdown of receivables in terms of geographic regions

Credit receivables/risks	Current Period – December 31, 2021	Prior Period – December 31, 2021
Domestic	533,115,373	398,740,450
European Union Countries	7,784,885	4,313,704
OECD Countries <sup>(*)</sup>	-	-
Off-Shore Banking Regions	-	-
USA, Canada	2,939,074	1,469,341
Other	45,775,831	27,421,110
<b>Total</b>	<b>589,615,163</b>	<b>431,944,605</b>

<sup>(\*)</sup>OECD Countries other than EU countries, USA and Canada

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

Breakdown of loan receivables by sector

Current Period- December 31, 2021	Cash Loans	Impaired Loans	Provisions
<b>Breakdown of loan receivables by sector</b>			
<b>Agricultural</b>	<b>4,757,664</b>	<b>200,187</b>	<b>158,850</b>
Farming and raising livestock	4,302,481	183,780	146,393
Forestry	348,237	1,840	1,633
Fishing	106,946	14,567	10,824
<b>Manufacturing</b>	<b>169,809,346</b>	<b>4,312,213</b>	<b>3,521,536</b>
Mining and Quarrying	15,868,492	339,115	276,272
Production	118,229,167	3,087,315	2,527,486
Electricity, Gas, Water	35,711,687	885,783	717,778
<b>Construction</b>	<b>63,825,821</b>	<b>3,991,335</b>	<b>3,080,360</b>
<b>Services</b>	<b>214,388,273</b>	<b>7,277,619</b>	<b>5,470,449</b>
Wholesale and Retail Trade	73,444,817	4,401,810	3,449,088
Accommodation and Dining	21,743,941	250,646	188,316
Transportation and Telecommunication	74,558,206	510,553	420,544
Financial Institutions	11,217,119	45,835	39,143
Real Estate and Rental Services	23,001,578	213,837	185,875
Professional Services	5,892,016	1,646,220	1,012,058
Educational Services	2,415,018	103,241	81,053
Health and Social Services	2,115,578	105,477	94,372
<b>Other</b>	<b>136,834,059</b>	<b>3,358,574</b>	<b>2,387,213</b>
<b>Total</b>	<b>589,615,163</b>	<b>19,139,928</b>	<b>14,618,408</b>

Prior Period- December 31, 2020

Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
<b>Agricultural</b>	<b>3,184,954</b>	<b>193,059</b>	<b>145,556</b>
Farming and raising livestock	3,080,869	175,007	133,997
Forestry	29,948	3,179	2,707
Fishing	74,137	14,873	8,852
<b>Manufacturing</b>	<b>113,832,924</b>	<b>4,267,687</b>	<b>3,310,218</b>
Mining and Quarrying	9,613,071	281,800	240,607
Production	83,027,588	3,101,604	2,455,587
Electricity, Gas, Water	21,192,265	884,283	614,024
<b>Construction</b>	<b>41,169,434</b>	<b>3,959,450</b>	<b>2,743,441</b>
<b>Services</b>	<b>154,499,129</b>	<b>6,651,515</b>	<b>5,366,056</b>
Wholesale and Retail Trade	58,080,392	4,235,827	3,450,743
Accommodation and Dining	14,975,711	356,000	305,800
Transportation and Telecommunication	48,418,802	569,195	466,789
Financial Institutions	8,622,109	72,310	59,967
Real Estate and Rental Services	15,825,029	227,459	193,231
Professional Services	4,154,239	967,355	708,218
Educational Services	2,457,054	110,013	85,171
Health and Social Services	1,965,793	113,356	96,137
<b>Other</b>	<b>119,258,164</b>	<b>2,858,460</b>	<b>2,152,629</b>
<b>Total</b>	<b>431,944,605</b>	<b>17,930,171</b>	<b>13,717,900</b>



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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

Breakdown by outstanding maturity

Current Period - December 31, 2021							
Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total	
-	56,477,962	28,868,818	112,391,210	225,347,693	166,529,480	589,615,163	
Prior Period - December 31, 2020							
Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total	
-	38,021,874	16,710,619	52,360,784	217,634,418	107,216,910	431,944,605	

Amounts of provision allocated receivables (According to the definition used by the Bank in accounting) based on geographical area and sector and amounts deducted from the assets with the related provisions

Breakdown by of provision allocated receivables by geographical area

Current Period - December 31, 2021		
Geographical Area	Loans Receivables(Risks)	Provisions
Domestic	18,488,858	14,301,587
European Union Countries	551,708	252,999
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	98,620	63,080
Other	742	742
<b>Total</b>	<b>19,139,928</b>	<b>14,618,408</b>

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

Prior Period- December 31, 2020		
Geographical Area	Loans Receivables(Risks)	Provisions
Domestic	17,650,625	13,488,682
European Union Countries	208,098	197,233
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	71,448	31,985
Other	-	-
<b>Total</b>	<b>17,930,171</b>	<b>13,717,900</b>

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

Aging analysis for overdue receivables

	Current Period - December 31, 2020	Prior Period - December 31, 2019
31-60 days	3,158,375	2,562,274
61-90 days	1,854,042	2,067,323

Breakdown of restructured receivables based on whether or not provisions are allocated

Payment Plan Extensions	Current Period- December 31, 2021	Prior Period- December 31, 2020
Standard Loans	114,299	395,256
Loans Under Close Monitoring	24,668,538	15,431,513
Non-performing Loans	2,145,575	1,529,430

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

b) Credit Risk Mitigation

Qualitative disclosure on credit risk mitigation techniques

Credit risk mitigation techniques in the Parent Bank are evaluated within the scope of the "Policy Document on Credit Risk Management". Within the scope of "Communiqué on Credit Risk Mitigation Techniques", published in the Official Gazette dated September 6, 2014, numbered 29111 simple financial guarantee method is used for financial guarantees. Cash and cash equivalents, Treasury support containing Credit Guarantee Fund securities and guarantees are used to mitigate credit risk.

Policies regarding the valuation of financial collateral and the appraisal of the valuations and policies and procedures for the valuation of real estate established for the collateral of mortgage-backed loans, which are an asset class, have been established. These policies and procedures have been prepared in accordance with the "Communiqué on Credit Risk Mitigation" and cover the minimum requirements for collateral valuation and management.

The Parent Bank receives collaterals such as mortgages, sureties/guarantees and financial collaterals for the loans given.

Credit Risk Mitigation Techniques

	Current Period - December 31, 2021	Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured of which: amount	Exposures secured by financial guarantees	Exposures secured of which: amount	Exposures secured by credit derivatives	Exposures secured of which: amount
1 Loans	421,586,612	160,573,719	105,407,593	63,035,950	51,202,158	-	-	-
2 Debt Securities	213,264,825	-	-	-	-	-	-	-
3 Total	634,851,437	160,573,719	105,407,593	63,035,950	51,202,158	-	-	-
4 Of which Defaulted	19,139,928	-	-	-	-	-	-	-
Prior Period - December 31, 2020								
1 Loans	311,871,007	115,858,274	81,963,062	79,598,658	51,794,733	-	-	-
2 Debt Securities	142,551,948	-	-	-	-	-	-	-
3 Total	454,422,955	115,858,274	81,963,062	79,598,658	51,794,733	-	-	-
4 Of which Defaulted	17,930,171	-	-	-	-	-	-	-

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**XI. INFORMATION ON RISK MANAGEMENT (Continued)**

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

**c) Credit risk under Standardized approach**

**Qualitative disclosures on banks’ use of external credit ratings under the standardized approach for credit risk**

The external rating grades of the counterparties of Fitch Ratings international rating agencies are used in determining the risk weights for the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Banks' Capital Adequacy. Fitch Ratings is used as an international rating agency to determine the risk weights of risk classes to be received from central government or central banks and from banks and intermediary institutions.

When an international rating is taken into account for the entire risk category of central government or central banks, the centralized and central banks that are not rated by the Fitch Ratings international rating agency are based on the country risk classification issued by the Organization for Economic Co-operation and Development (OECD).

The following table shows that the rating scale of the credit rating agency corresponds to the credit quality levels reported in the annex of the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy.

Islamic International Rating Agency (IIRA) ratings are taken into account for country ratings in capital adequacy calculations.

Ratings Matched	Credit Quality	
	Rank	Fitch Ratings
Long Term Credit Ratings	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below
Short Term Credit Ratings	1	F1+ and F1
	2	F2
	3	F3
	4	F3 below
	5	-
	6	-

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**XI. INFORMATION ON RISK MANAGEMENT (Continued)**

**Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects**

Current Period - December 31, 2021	Exposures before Credit Conversion Factors and CRM		Exposures post-Credit Conversion Factors and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
<b>Asset classes</b>						
1 Exposures to central governments or central banks	771,950	329,064,633	431,534	999,394	0.30%	0.23%
2 Exposures to regional governments or local authorities	565,467	7,607,869	276,239	3,937,000	49.94%	49.94%
3 Exposures to public sector entities	192,293	815,709	75,366	876,608	98.38%	98.38%
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to institutions	19,480,652	19,480,652	3,531,154	7,447,443	32.36%	32.36%
7 Exposures to corporates	243,926,688	230,247,416	80,774,830	301,021,221	96.78%	96.78%
8 Retail exposures	111,641,382	111,641,382	10,896,764	91,849,129	74.96%	74.96%
9 Exposures secured by residential property	49,614,306	49,614,306	822,645	17,652,933	35.00%	35.00%
10 Exposures secured by commercial real estate	51,442,638	51,442,638	5,431,096	38,485,571	67.67%	67.67%
11 Past-due loans	4,432,335	4,432,335	-	3,007,931	67.86%	67.86%
12 Higher-risk categories by the Agency Board	24,196	14,102,871	12,098	21,078,475	149.33%	149.33%
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	7,806	7,806	-	7,806	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	21,252,612	21,252,612	-	15,486,284	72.87%	72.87%
16 Other assets	3,204,428	3,204,428	-	3,204,428	100.00%	100.00%
17 Investment in equities	283,597,671	842,914,657	102,251,726	505,054,233	53.44%	53.44%
18 <b>Total</b>						
	269,936,999	281,941,074	418,309	639,176		
<b>Current Period - December 31, 2020</b>						
<b>Asset classes</b>						
1 Exposures to central governments or central banks	706,727	418,309	418,309	639,176	0.23%	0.23%
2 Exposures to regional governments or local authorities	435,493	9,399,917	211,087	4,801,102	49.95%	49.95%
3 Exposures to public sector entities	236,428	381,163	113,956	486,093	98.18%	98.18%
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	9,335	29,475	9,335	29,475	75.95%	75.95%
6 Exposures to institutions	16,322,150	16,322,150	2,987,057	8,020,154	41.54%	41.54%
7 Exposures to corporates	185,070,563	173,066,488	53,056,933	222,253,564	98.29%	98.29%
8 Retail exposures	49,011,543	92,367,803	5,537,565	72,656,890	74.21%	74.21%
9 Exposures secured by residential property	38,640,398	38,640,398	617,967	13,740,428	35.00%	35.00%
10 Exposures secured by commercial real estate	40,625,947	40,625,947	3,605,144	29,651,253	67.04%	67.04%
11 Past-due loans	3,914,529	3,914,529	-	2,096,804	53.56%	53.56%
12 Higher-risk categories by the Agency Board	195,994	195,994	4,941	301,403	150.00%	150.00%
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	411	411	-	411	100%	100%
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	18,901,264	18,901,264	-	14,316,468	75.74%	75.74%
16 Other assets	2,222,895	2,222,895	-	2,222,895	100.00%	100.00%
17 Investment in equities	678,009,508	196,545,161	66,562,294	371,216,116	49.86%	49.86%
18 <b>Total</b>						
	2,699,936,999	2,819,410,744	418,309	639,176		

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**XI. INFORMATION ON RISK MANAGEMENT (Continued)**

**Exposures by asset classes and risk weights**

Current Period- December 31, 2021	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	150%	200%	250%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	328,106,310	-	-	-	957,547	-	255,690	176,620	-	-	-	329,496,167
2	Exposures to regional governments or local authorities	9,954	-	260	-	7,873,894	-	875,210	-	-	-	-	7,884,108
3	Exposures to public sector entities	8,877	-	6,988	-	-	-	-	-	-	-	-	891,075
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	610,563	-	14,802,986	-	6,222,813	-	1,375,444	-	-	-	-	23,011,806
7	Exposures to corporates	944,780	-	7,671,585	-	5,837,954	-	296,567,927	-	-	-	-	311,022,246
8	Retail exposures	794,266	-	990,939	-	116,408,001	-	4,344,940	-	-	-	-	122,538,146
9	Exposures secured by residential property	-	-	-	50,436,951	-	-	20,097,408	-	-	-	-	50,436,951
10	Exposures secured by commercial real estate	-	-	-	-	36,776,326	-	1,389,241	-	-	-	-	56,873,734
11	Past-due loans	-	-	-	-	2,945,951	-	-	97,143	-	-	-	4,432,335
12	Higher Risk categories by the Agency Board	-	-	35,200	-	-	-	-	14,047,623	-	-	-	14,114,969
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	7,806	-	-	-	-	7,806
15	Exposures in the form of funds or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	3,204,428	-	-	-	-	3,204,428
16	Other assets	3,855,916	-	2,388,015	-	-	-	15,008,681	-	-	-	-	21,252,612
17	Investments in equities	-	-	-	-	-	-	-	-	-	-	-	-
18	<b>Total</b>	<b>3,855,916</b>	<b>2,388,015</b>	<b>25,895,973</b>	<b>50,436,951</b>	<b>60,614,485</b>	<b>116,408,001</b>	<b>34,312,675</b>	<b>14,321,386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>945,166,383</b>

Prior Period- December 31, 2020	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	150%	200%	250%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	281,424,932	-	-	-	662,074	-	200,794	71,563	-	-	-	282,359,333
2	Exposures to regional governments or local authorities	8,677	-	206	-	9,602,121	-	485,645	-	-	-	-	9,611,004
3	Exposures to public sector entities	7,236	-	2,238	-	-	-	29,475	-	-	-	-	495,119
4	Exposures to multilateral development banks	9,335	-	-	-	-	-	-	-	-	-	-	38,810
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	678,087	-	5,271,244	-	12,787,993	-	571,913	-	-	-	-	19,309,207
7	Exposures to corporates	872,987	-	2,214,360	-	2,430,764	-	220,585,310	-	-	-	-	226,123,421
8	Retail exposures	489,471	-	736,426	-	96,679,471	-	-	-	-	-	-	97,905,368
9	Exposures secured by residential property	-	-	-	39,238,365	-	-	15,071,415	-	-	-	-	39,238,365
10	Exposures secured by commercial real estate	-	-	-	-	29,159,676	-	262,204	-	-	-	-	44,231,091
11	Past-due loans	-	-	-	-	3,643,888	-	-	8,437	-	-	-	3,914,529
12	Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	200,935	-	-	-	200,935
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	411	-	-	-	-	411
15	Exposures in the form of funds or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	2,222,895	-	-	-	-	2,222,895
16	Other assets	3,184,810	-	1,749,983	-	-	-	13,966,471	-	-	-	-	18,901,264
17	Investments in equities	-	-	-	-	-	-	-	-	-	-	-	-
18	<b>Total</b>	<b>286,675,525</b>	<b>9,974,487</b>	<b>39,238,365</b>	<b>58,306,516</b>	<b>96,679,471</b>	<b>253,396,533</b>	<b>280,935</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>744,571,802</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021**

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**XI. INFORMATION ON RISK MANAGEMENT (Continued)**

**3. Counterparty Credit Risk Explanations**

**Qualitative disclosure on counterparty credit risk**

The counterparty credit risk that may be incurred by the counterparty that is a party to a transaction that is liable to both parties due to default before the final payment in the cash flow is managed within the Parent Bank's "Counterparty Credit Risk Management Policy Document". The counterparty credit risk amounts calculated using the "Fair Value Valuation Method" within the scope of the "Communiqué on Credit Risk Mitigation" are calculated on the basis of the portfolios in the trading accounts and banking accounts, and these amounts are used within the scope of capital adequacy calculations. Various scenarios and stress tests are applied to the counterparty credit risk.

Processes related to counterparty credit risk management activities have been written down. In the direction of the policy document and measurement results, activities of evaluating, analyzing and reporting the counterparty credit risk and determining the effect of the capital requirement of the Parent Bank and Group are being continued.

In addition to the measurement activities, sensitivity and scenario analysis are used to evaluate the resistance of the Group to the changes that may be experienced in risk factors against economic developments. Monthly stress test reports include analyzes of counterparty credit risk. The distributions of positions subject to counterparty credit risk calculation, the ratings of these counterparties from independent rating agencies and transaction concentration are regularly monitored by the Risk Management Department of the Parent Bank. The Parent Bank monitors the level of concentration in terms of the counterparty of derivative transactions. The collateral process of derivative transactions, repo, marketable securities transactions etc. with foreign banks is covered with ISDA (International Swap and Derivatives Association) and ISMA (International Securities Market Association) contracts and the collateral agreements regarding the mutual rights and obligations for the transactions between the two parties.

Treasury transactions are valued on a daily basis over the market prices taking into account these contracts and rules from the beginning to the closing of the transaction and the difference between the favorable and unfavorable values of the transactions against the market prices cause the settlement call movements by agreeing with the related banks. In compliance with the limitations of the bank which exposed to counterparty risk, the Parent Bank follows the limit follow up system. Limits, which are defined as loan limits and compromise limits in the system, are monitored instantaneously.

The Parent Bank has fulfilled its statutory obligations under EMIR (European Markets Infrastructure Regulation). The clearing member of the bank has been transmitted to the "counterparty" via a bank and transactions that provide conditions within the existing transactions in the portfolio have started to be cleared under the conditions of EMIR.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Counterparty credit risk (CCR) approach analysis

Current Period- December 31, 2021	Renewal cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1 Fair value method - KKR (for derivatives)	6,756,001	1,477,240			8,233,240	4,237,133
2 Standard approach - KKR (for derivatives)	-	-		1.4	-	-
3 Internal Model Method(for derivative financial instruments,repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)						
4 Simple methods that can be used to mitigate credit risk-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					122,857,258	2,504,164
5 A comprehensive method for credit risk reduction-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)						
6 Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time						
7 Total						6,741,297

Prior Period- December 31, 2020	Renewal cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1 Fair value method - KKR (for derivatives)	7,561,240	1,211,973			8,773,213	4,350,224
2 Standard approach - KKR (for derivatives)	-	-		1.4	-	-
3 Internal Model Method(for derivative financial instruments,repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)						
4 Simple methods that can be used to mitigate credit risk-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					65,089,730	5,221,169
5 A comprehensive method for credit risk reduction-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)						
6 Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time						
7 Total						9,571,472

Capital requirement for credit valuation adjustment (CVA)

Current Period - December 31, 2021	EAD post CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	-	-
1 (i) VaR component (including the 3×multiplier)		-
2 (ii) Stressed VaR component (including the 3×multiplier)		-
3 All portfolios subject to the Standardised CVA capital obligation	8,233,240	3,023,178
4 Total subject to the CVA capital obligation	8,233,240	3,023,178

  

Prior Period- December 31, 2020	EAD post CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	-	-
1 (i) VaR component (including the 3×multiplier)		-
2 (ii) Stressed VaR component (including the 3×multiplier)		-
3 All portfolios subject to the Standardised CVA capital obligation	8,773,213	2,487,815
4 Total subject to the CVA capital obligation	8,773,213	2,487,815

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Standard Approach - Counterparty Credit Risk (CCR) Exposures by Risk Classes and Risk Weights

Current Period - December 31, 2021

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Other	Total Credit Exposures(*)
Claims from central governments and central banks	92,324,394	-	-	-	-	-	-	-	-	449
Claims from regional and local governments	-	4,441	26	-	-	-	-	-	-	6
Claims from administration and non commercial entity	-	63	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	19,034,357	-	6,976,365	-	119,546	-	920,632	-	920,632	4,565,885
Corporates	896,983	3,375,992	-	6,065,306	1,770,288	-	277,571	-	277,571	2,113,439
Retail portfolios	79,031	380,460	-	-	63,248	-	2,5162	-	2,5162	85,985
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-
Total	112,334,765	3,760,956	6,976,391	6,065,306	63,248	-	1,889,834	-	1,223,365	6,765,764

(\*) Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.

(\*\*) Other assets: The counterparty reported in the counterparty risks includes amounts not included in the credit risk.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Prior Period - December 31, 2020

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Other	Total Credit Exposures <sup>(*)</sup>
Claims from central governments and central banks	29,048,434	-	-	-	-	-	-	-	-	69
Claims from regional and local governments	-	690	1	-	-	-	-	-	-	1,950
Claims from administration and non commercial entity	-	1,943	-	-	-	-	1,756	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	12,119,902	-	19,277,040	-	6,463,645	-	473,980	-	360,620	7,568,423
Corporates	992,708	3,137,447	-	-	-	35,970	1,603,665	-	202,421	1,921,458
Retail portfolios	65,032	653,730	-	-	-	-	-	-	17,363	92,698
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets <sup>(**)</sup>	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>42,226,076</b>	<b>3,793,810</b>	<b>19,277,041</b>	<b>-</b>	<b>6,463,645</b>	<b>35,970</b>	<b>2,079,401</b>	<b>-</b>	<b>580,404</b>	<b>9,584,598</b>

(\*) Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.

(\*\*) Other assets: The counterparty reported in the counter counterparty risks includes amounts not included in the credit risk.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Collaterals for counterparty credit risk

Current Period - December 31, 2021	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	117,366,019	-
Cash-foreign currency	-	-	-	-	16,680,847	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134,046,866</b>	<b>-</b>

Prior Period - December 31, 2020	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	35,649,667	-
Cash-foreign currency	-	-	-	-	21,250,710	-
Domestic sovereign debts	-	-	-	-	13,006	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,913,383</b>	<b>-</b>

Loan Derivatives

Current Period - December 31, 2021	Protection bought	Protection sold
<b>Notionals</b>		
Single-name credit default swaps	1,169,754	5,676,270
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
<b>Total Notionals</b>	<b>1,169,754</b>	<b>5,676,270</b>
<b>Fair Values</b>	<b>185,667</b>	<b>2,340,553</b>
Positive fair values (asset)	185,667	-
Negative fair values (liability)	-	2,340,553

Prior Period - December 31, 2020	Protection bought	Protection sold
<b>Notionals</b>		
Single-name credit default swaps	1,169,754	3,017,124
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
<b>Total Notionals</b>	<b>1,169,754</b>	<b>3,017,124</b>
<b>Fair Values</b>	<b>125,557</b>	<b>634,601</b>
Positive fair values (asset)	125,557	-
Negative fair values (liability)	-	634,601

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021**

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**XI. INFORMATION ON RISK MANAGEMENT (Continued)**

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

**Central counterparty risks**

Current Period - December 31, 2021		Exposure at default (post-CRM)	RWA
1	<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>		24,690
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,223,365	24,467
3	(i) OTC Derivatives	254,347	5,087
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	969,018	19,380
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	88,375	223
10	Unfunded default fund contributions	-	-
11	<b>Exposures to non-QCCPs (total)</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	-	-

  

Prior Period- December 31, 2020		Exposure at default (post-CRM)	RWA
1	<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>		13,126
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	580,404	11,608
3	(i) OTC Derivatives	189,143	3,783
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	391,261	7,825
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	650,000	1,518
10	Unfunded default fund contributions	-	-
11	<b>Exposures to non-QCCPs (total)</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	-	-

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021**

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**XI. INFORMATION ON RISK MANAGEMENT (Continued)**

**4. Explanations on Market Risk**

**Qualitative disclosure requirements related to market risk**

As a result of fluctuations in the financial market, the Group is exposed to market risk, depending on the exchange rates, interest rates and changes in the market prices of the shares.

In order to evaluate the market risk, liquidity risk, interest risk or condensation risk that Bank is facing or could face, with the policies and limitations that are lineup for to control the risks there is “Market Risk Management Directorate” and it carries out the market risk management. In this extent, this Directorate design the risk measurement models, measurement results and getting regular reports from the other analyzes and give notices from the report of the analyzes to the necessary departments.

Market risks get measured and monitored with the national legislation that are parallel to international applications. This market risk management process continues by including buying and selling balance sheet both internally and externally, meeting the legal necessities, being able to analyze the all risks that can be caused from buying-selling activities and by identifying the market risk that can be caused by all portfolios.

Risk management of the Parent Bank is important in order to be understood by the all management stages and be able to get an opportunity to manage risk. In addition to that, it is similarly important to handle the loss that might cause when a risk occurs. Therefore measurements must cover the evaluations for the fund needs near the size of the risk and evaluations of the conditions that caused it. By using the methods of scenario and stress test, it is possible to see risk levels and needs of funds that can be generated from different circumstances and risky conditions.

In addition to the results of market risk measurements using standard method, which calculated in monthly periods, other daily risk dependencies can be also calculated by using internal model. There are daily back testings occurred in order to examine the trustworthiness and performance of the model results. Besides, there are also scenario analyzes and stress tests are happening in order to backing up the standard method and internal models. In addition to this, in order to limit the market risks, daily limit implementation and limit implementation in accordance with the early warning system can be monitored on daily basis.

**Market Risk- Standardised approach**

		Current Period - December 31, 2021	Prior Period - December 31, 2020
		RWA	RWA
<b>Outright products</b>			
1	Interest rate risk (general and specific)	1,788,713	1,400,825
2	Stock risk (general and specific)	109,628	26,508
3	Foreign exchange risk	7,386,951	1,977,590
4	Commodity risk	457,555	-
<b>Options</b>			
5	Simplified approach	-	-
6	Delta-plus method	27,129	22,776
7	Scenario approach	-	-
8	Securitisation	-	-
9	<b>Total</b>	<b>9,769,976</b>	<b>3,427,699</b>

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**XI. INFORMATION ON RISK MANAGEMENT (Continued)**

**5. Explanations on Operational Risk**

The “Basic Indicator Method” that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 29511 on October 23, 2015 is used in the operational risk calculation of the Group. Under the scope of the calculation, the value found by multiplying the average of the fifteen percent of the year-end gross income amounts realized by the Group over the last three years by twelve and half is considered as the operational risk.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

All staff of the Bank is responsible within the scope of their own roles and work processes of controlling and decreasing operational risks. All units of the Bank are responsible of taking risk-reducing measures through insurance or other risk transfer mechanisms to reduce operational risks that may arise in their own business activities.

Current Period – December 31, 2021	2PP	1PP	Current Period	Total/Positive GI year number	Ratio (%)	Total
Gross income	14,753,373	15,438,683	21,378,716	17,190,257	15	2,578,539
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	32,231,733

Prior Period- December 31, 2020	2PP	1PP	Current Period	Total/Positive GI year number	Ratio (%)	Total
Gross income	10,624,126	14,753,373	15,438,683	13,605,394	15	2,040,809
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	25,510,114

**6. Interest Rate Risk Related to Banking Book**

The Parent Bank has evaluated to interest rate risk arising from on-balance sheet and off-balance sheet positions in banking accounts in accordance within accordance with “Regulation on Measurement and Evaluation of Interest Rate Risk in Banking Accounts with Standard Shock Method” performs and reports on these measurement based results and analyzes on weekly and monthly periods. In addition, in the Asset-Liability Management Committee meetings, the sensitivity of the active, passive and off-balance sheet items to the interest rate is evaluated taking into consideration the market developments.

In line with the management of interest rate risk arising from banking accounts; Scenario analysis, gap analysis to date of re-pricing, behavioral analysis, core demand deposit level, duration and maturity mismatch metrics, option risk, base risk and yield curve risk components are followed together.

Current Period - December 31, 2021	Currency	Applied Shock (+/- x basis points)*	Gains/Losses	Gains / Shareholders' Equity Losses/ Shareholders' Equity
1	TRY	500/(400)	(5,486,562)/5,070,845	(%7.06) / %6.53
2	EURO	200/(200)	(4,431,583)/785,195	(%5.71) / %1.01
3	USD	200/(200)	(737,408)/786,504	(%0.95) / %1.01
<b>Total (for negative shocks)</b>		-	<b>6,642,544</b>	<b>(%13.72)</b>
<b>Total (for positive shocks)</b>		-	<b>(10,655,553)</b>	<b>%8.55</b>

Prior Period - December 31, 2020	Currency	Applied Shock (+/- x basis points)*	Gains/Losses	Gains / Shareholders' Equity Losses/ Shareholders' Equity
1	TRY	500/(400)	(7,823,623)/7,246,356	(%11.97) / %11.09
2	EURO	200/(200)	(1,342,194)/(206,353)	(%1.50) / %0.82
3	USD	200/(200)	(980,927)/535,680	(%2.05) / (%0.32)
<b>Total (for negative shocks)</b>		-	<b>7,575,682</b>	<b>%11.59</b>
<b>Total (for positive shocks)</b>		-	<b>(10,146,744)</b>	<b>(%15.53)</b>

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021**  
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**SECTION FIVE**

**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS**

**1. Information on cash and balances with the Central Bank**

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Cash	1,930,257	2,041,142	1,681,211	1,434,732
Central Bank of the Republic of Turkey (*)	26,610,644	109,585,919	12,390,091	75,644,781
Other	819,123	3,185,460	591,188	1,465,239
<b>Total</b>	<b>29,360,024</b>	<b>114,812,521</b>	<b>14,662,490</b>	<b>78,544,752</b>

(\*) TL 56,969,055 (December 31, 2020: TL 26,455,637) of the foreign currency deposit at Central Bank of the Republic of Turkey consists of foreign currency reserve deposits.

As per Communiqué on Required Reserve of CBRT, required reserve may be kept in TL, USD, EUR and standard gold. CBRT pays interest for required reserve kept in TL.

In accordance with “Announcement on Reserve Deposits” of CBRT numbered 2013/15, all banks operating in Turkey shall provide a reserve rate ranging from %3.0 to %8.0 (December 31, 2020: ranging from %1.0 to %6.0). For foreign currency liabilities, all banks shall provide a reserve rate ranging from %5.0 to %26.0 in US Dollar or Euro (December 31, 2020: ranging from %5.0 to %22.0).

**Balances with the Central Bank of the Republic of Turkey**

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Unrestricted demand deposits	25,948,962	52,616,864	12,069,426	36,135,248
Restricted demand deposits	375,623	-	259,120	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	13,053,896
Reserve Deposits	286,059	56,969,055	61,545	26,455,637
<b>Total</b>	<b>26,610,644</b>	<b>109,585,919</b>	<b>12,390,091</b>	<b>75,644,781</b>

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

2. Further information on financial assets at fair value through profit/loss

Information on financial assets at fair value through profit or loss, subject to repurchase agreements and given as collateral/blocked

	Current Period December 31, 2021	Prior Period December 31, 2020
Collateralized/blocked investment securities	14,383,082	-
Investments subject to repurchase agreements	-	7,000,000
<b>Total</b>	<b>14,383,082</b>	<b>7,000,000</b>

Positive differences on derivative financial assets held for trading purpose

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Forward transactions	1,186,318	5,610	50,686	9,940
Swap transactions	17,972,859	1,895,937	7,086,102	1,591,494
Futures	-	-	-	-
Options	12,457	173,245	1,420	1,343
Other	-	-	-	-
<b>Total</b>	<b>19,171,634</b>	<b>2,074,792</b>	<b>7,138,208</b>	<b>1,602,777</b>

The Parent Bank has performed cross currency and interest rate swap transactions that can be canceled. Thus, swap transactions, in the event of certain conditions related to the loan (such as not making a payment) regarding the Bank, may be terminated by not realizing the amount to be paid and paid by any party according to the contract. As of 31 December 2021, the fair value of this transaction is TL 1,079,186, with a nominal amount of 120 million USD and an average maturity of 2.54 years. (As of 31 December 2020, the fair value of this transaction was TL 247,734 with a nominal amount of 120 million USD, and an average maturity of 4.6 years.)

3. Information on banks

	Current Period – December 31, 2021		Prior Period – December 31, 2020	
	TL	FC	TL	FC
Banks				
Domestic	151,858	309,039	58,996	2,525
Foreign <sup>(*)</sup>	1,120,350	20,044,049	1	3,030,658
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>1,272,208</b>	<b>20,353,088</b>	<b>58,997</b>	<b>3,033,183</b>

<sup>(\*)</sup> As a result of the changes in the Uniform Chart of Accounts implemented by the BRSA as of January 1, 2021, the collaterals given for the derivative transactions given by the Bank to foreign banks, which were monitored in the other assets account in the bank balance sheet in the previous periods, which are started to be accounted in the banks account as of the current period. As of December 31, 2021 the relevant amount is TL 14,009,088.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Due from foreign banks

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	Unrestricted Balance	Restricted Balances <sup>(**)</sup>	Unrestricted Balance	Restricted Balances <sup>(**)</sup>
EU Countries	471,899	1,029,715	660,719	-
USA, Canada	2,150,852	3,809,939	745,033	1,005,650
OECD Countries <sup>(*)</sup>	2,252,210	10,828,879	235,131	-
Off-shore Banking Regions	1,350	-	626	-
Others	619,555	-	383,500	-
<b>Total</b>	<b>5,495,866</b>	<b>15,668,533</b>	<b>2,025,009</b>	<b>1,005,650</b>

<sup>(\*)</sup> OECD countries except from EU countries, USA, Canada.

<sup>(\*\*)</sup> Restricted balances that occur from securitization loans and other common banking activities

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

Financial assets at fair value through other comprehensive income given as collateral or blocked

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	13,880,235	2,604,505	4,241,350	34,972,671
Other	-	-	-	-
<b>Total</b>	<b>13,880,235</b>	<b>2,604,505</b>	<b>4,241,350</b>	<b>34,972,671</b>

Financial assets at fair value through other comprehensive income subject to repurchase agreements

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Government bonds	10,777,067	56,651,084	13,031,822	3,901,929
Treasury bills	-	-	-	-
Other debt securities	-	7,615,243	-	8,811,133
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>10,777,067</b>	<b>64,266,327</b>	<b>13,031,822</b>	<b>12,713,062</b>

Information on financial assets at fair value through other comprehensive income

	Current Period- December 31, 2021	Prior Period- December 31, 2020
<b>Debt securities</b>	<b>140,716,197</b>	<b>84,287,305</b>
Quoted on a Stock Exchange	140,442,608	84,199,125
Unquoted	273,589	88,180
<b>Equity securities</b>	<b>21,978</b>	<b>18,159</b>
Quoted on a Stock Exchange	-	-
Unquoted	21,978	18,159
<b>Provisions for impairment losses (-)</b>	<b>1,784,498</b>	<b>377,539</b>
<b>Total</b>	<b>138,953,677</b>	<b>83,927,925</b>



CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

5. Information on loans

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

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct loans provided to the shareholders</b>	-	8,344	-	32,511
Legal entities	-	8,344	-	32,511
Real persons	-	-	-	-
<b>Indirect loans provided to the shareholders</b>	-	-	-	-
<b>Loans provided to the employees</b>	481,072	-	470,993	49
<b>Total</b>	481,072	8,344	470,993	32,560

Information on loans classified in the first and second group loans and second group loans that have been restructured

Current Period - December 31, 2021

	Loans and other receivables under close monitoring			
	Standard loans	Agreement conditions modified		
		Loans not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
<b>Cash Loans</b>				
<b>Non-specialized loans</b>	515,671,935	37,498,201	2,263,559	22,404,979
Loans given to enterprises	166,055,276	15,170,278	2,059,659	21,754,384
Export loans	20,352,505	144,619	-	-
Import loans	-	-	-	-
Loans given to financial sector	7,066,112	5,075	-	281
Consumer loans	105,744,802	1,356,478	45,645	637,972
Credit cards	23,002,578	440,091	157,800	-
Other	193,450,662	20,381,660	455	12,342
<b>Specialized lending</b>	-	-	-	-
<b>Other receivables</b>	-	11,776,489	-	-
<b>Total</b>	515,671,935	49,274,690	2,263,559	22,404,979

All creditors, including the Bank, have agreed that the loans provided in scope of loan agreements to Ojer Telekomünikasyon A.Ş. (OTAŞ), the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) shall be restructured. All creditors shall be direct or indirect partners to Levent Yapılandırma Yönetimi A.Ş., a special purpose company established in Turkish Republic, and 192,500,000,000 of A group shares, owned by OTAŞ pledged to be the warranty of current loans, which make up the 55% of issued capital of Türk Telekom, were taken over by LYY Telekomünikasyon AŞ as December 21, 2018. The Bank participated in LYY Telekomünikasyon AŞ with a 4.2559% share. At the Ordinary General Assembly Meeting of LYY dated September 23, 2019, it was decided that a portion of the loan would be converted to capital and added to the capital of LYY. In this context, the nominal value of the Bank's shares in LYY increased from TL 2 to TL 169,483. This amount is presented under "Financial assets at fair value through profit or loss" in the financial statements. As of December 31, 2021, the amount is TL 1,984,833 (December 31, 2020: TL 1,067,728) and the provision is TL 1,248,790 (December 31, 2020: TL 341,044).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Prior Period - December 31, 2020

	Loans and other receivables under close monitoring			
	Standard loans	Agreement conditions modified		
		Loans not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
<b>Cash Loans</b>				
<b>Non-specialized loans</b>	389,154,555	18,613,603	2,840,854	12,590,659
Loans given to enterprises	147,126,813	10,275,674	2,123,492	11,882,423
Export loans	12,139,158	154,374	-	-
Import loans	-	-	-	-
Loans given to financial sector	4,712,929	869	-	227
Consumer loans	94,967,658	464,968	113,847	672,576
Credit cards	14,393,403	177,385	66,585	-
Other	115,814,594	7,540,333	536,930	35,433
<b>Specialized lending</b>	-	-	-	-
<b>Other receivables</b>	-	8,744,934	-	-
<b>Total</b>	389,154,555	27,358,537	2,840,854	12,590,659

Current Period - December 31, 2021

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	2,841,377	-
Significant Increase in Credit Risk	-	9,134,976

Prior Period - December 31, 2020

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	3,179,240	-
Significant Increase in Credit Risk	-	5,248,355

Maturity analysis of cash loans

	Loans under close monitoring		
	Standard loans	Loans not Subject to Restructuring	Agreement conditions modified
<b>Current Period - December 31, 2021</b>			
Short-term Loans	131,765,550	16,226,293	140,321
Medium, Long-term Loans	383,906,385	33,048,397	24,528,217

	Loans under close monitoring		
	Standard loans	Loans not Subject to Restructuring	Agreement conditions modified
<b>Prior Period - December 31, 2020</b>			
Short-term Loans	71,101,580	9,320,819	83,326
Medium, Long-term Loans	318,052,975	18,037,718	15,348,187

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Consumer loans, retail credit cards, personnel loans and personnel credit cards

Current Period - December 31, 2021	Short-Term	Medium and Long-Term	Total
<b>Consumer loans – TL</b>	<b>1,817,360</b>	<b>96,628,548</b>	<b>98,445,908</b>
Housing loans	12,983	48,250,850	48,263,833
Automobile loans	7,534	592,792	600,326
General purpose loans	1,796,843	47,784,906	49,581,749
Other	-	-	-
<b>Consumer loans – FC indexed</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Consumer loans – FC</b>	-	<b>6,294</b>	<b>6,294</b>
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	3,216	3,216
Other	-	3,078	3,078
<b>Retail credit cards – TL</b>	<b>16,598,355</b>	<b>151,890</b>	<b>16,750,245</b>
With instalment	6,821,639	148,638	6,970,277
Without instalment	9,776,716	3,252	9,779,968
<b>Retail credit cards – FC</b>	<b>42,680</b>	-	<b>42,680</b>
With instalment	-	-	-
Without instalment	42,680	-	42,680
<b>Personnel loans – TL</b>	<b>9,419</b>	<b>295,591</b>	<b>305,010</b>
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	9,419	295,591	305,010
Other	-	-	-
<b>Personnel loans – FC indexed</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Personnel loans – FC</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Personnel credit cards – TL</b>	<b>175,386</b>	<b>333</b>	<b>175,719</b>
With instalment	65,268	301	65,569
Without instalment	110,118	32	110,150
<b>Personnel credit cards – FC</b>	<b>343</b>	-	<b>343</b>
With instalment	-	-	-
Without instalment	343	-	343
<b>Overdraft Checking Accounts – TL (Real person)</b>	<b>9,027,058</b>	-	<b>9,027,058</b>
<b>Overdraft Checking Accounts – FC (Real person)</b>	<b>627</b>	-	<b>627</b>
<b>Total</b>	<b>27,671,228</b>	<b>97,082,656</b>	<b>124,753,884</b>

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Consumer loans, retail credit cards, personnel loans and personnel credit cards (Continued)

Prior Period - December 31, 2020	Short-Term	Medium and Long-Term	Total
<b>Consumer loans – TL</b>	<b>1,167,352</b>	<b>89,104,078</b>	<b>90,271,430</b>
Housing loans	3,209	40,609,960	40,613,169
Automobile loans	4,902	473,614	478,516
General purpose loans	1,159,241	48,020,504	49,179,745
Other	-	-	-
<b>Consumer loans – FC indexed</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Consumer loans – FC</b>	-	<b>4,639</b>	<b>4,639</b>
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	2,157	2,157
Other	-	2,482	2,482
<b>Retail credit cards – TL</b>	<b>10,919,678</b>	<b>92,959</b>	<b>11,012,637</b>
With instalment	4,430,552	89,060	4,519,612
Without instalment	6,489,126	3,899	6,493,025
<b>Retail credit cards – FC</b>	<b>14,017</b>	-	<b>14,017</b>
With instalment	-	-	-
Without instalment	14,017	-	14,017
<b>Personnel loans – TL</b>	<b>9,505</b>	<b>334,082</b>	<b>343,587</b>
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	9,505	334,082	343,587
Other	-	-	-
<b>Personnel loans – FC indexed</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Personnel loans – FC</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Personnel credit cards – TL</b>	<b>126,608</b>	<b>592</b>	<b>127,200</b>
With instalment	44,823	549	45,372
Without instalment	81,785	43	81,828
<b>Personnel credit cards – FC</b>	<b>206</b>	-	<b>206</b>
With instalment	-	-	-
Without instalment	206	-	206
<b>Overdraft Checking Accounts – TL (Real person)</b>	<b>5,599,005</b>	-	<b>5,599,005</b>
<b>Overdraft Checking Accounts – FC (Real person)</b>	<b>388</b>	-	<b>388</b>
<b>Total</b>	<b>17,836,759</b>	<b>89,536,350</b>	<b>107,373,109</b>

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Installment based commercial loans and corporate credit cards

Current Period - December 31, 2021	Short-Term	Medium and Long-Term	Total
<b>Instalment-based commercial loans – TL</b>	<b>2,464,113</b>	<b>112,812,382</b>	<b>115,276,495</b>
Real estate loans	33,405	1,343,471	1,376,876
Automobile loans	295,438	4,387,252	4,682,690
General purpose loans	2,135,270	107,081,659	109,216,929
Other	-	-	-
<b>Instalment-based commercial loans – FC indexed</b>	<b>-</b>	<b>383,398</b>	<b>383,398</b>
Real estate loans	-	-	-
Automobile loans	-	2,906	2,906
General purpose loans	-	380,492	380,492
Other	-	-	-
<b>Instalment-based commercial loans – FC</b>	<b>1,651,467</b>	<b>60,752,723</b>	<b>62,404,190</b>
Real estate loans	-	-	-
Automobile loans	-	35,877	35,877
General purpose loans	86,808	54,221,370	54,308,178
Other	1,564,659	6,495,476	8,060,135
<b>Corporate credit cards – TL</b>	<b>6,498,981</b>	<b>120,778</b>	<b>6,619,759</b>
With instalment	2,344,436	106,288	2,450,724
Without instalment	4,154,545	14,490	4,169,035
<b>Corporate credit cards – FC</b>	<b>11,723</b>	<b>-</b>	<b>11,723</b>
With instalment	-	-	-
Without instalment	11,723	-	11,723
<b>Overdraft Checking Accounts – TL (Corporate)</b>	<b>1,369,480</b>	<b>-</b>	<b>1,369,480</b>
<b>Overdraft Checking Accounts – FC (Corporate)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>11,995,764</b>	<b>174,069,281</b>	<b>186,065,045</b>

Prior Period - December 31, 2020	Short-Term	Medium and Long-Term	Total
<b>Instalment-based commercial loans – TL</b>	<b>2,743,103</b>	<b>114,059,373</b>	<b>116,802,476</b>
Real estate loans	2,779	1,178,097	1,180,876
Automobile loans	137,470	2,635,208	2,772,678
General purpose loans	2,602,854	110,246,068	112,848,922
Other	-	-	-
<b>Instalment-based commercial loans – FC indexed</b>	<b>-</b>	<b>453,243</b>	<b>453,243</b>
Real estate loans	-	-	-
Automobile loans	-	25,550	25,550
General purpose loans	-	427,693	427,693
Other	-	-	-
<b>Instalment-based commercial loans – FC</b>	<b>738,273</b>	<b>31,408,388</b>	<b>32,146,661</b>
Real estate loans	-	-	-
Automobile loans	-	31,494	31,494
General purpose loans	249,088	27,131,872	27,380,960
Other	489,185	4,245,022	4,734,207
<b>Corporate credit cards – TL</b>	<b>3,382,956</b>	<b>97,503</b>	<b>3,480,459</b>
With instalment	1,194,567	89,774	1,284,341
Without instalment	2,188,389	7,729	2,196,118
<b>Corporate credit cards – FC</b>	<b>2,854</b>	<b>-</b>	<b>2,854</b>
With instalment	-	-	-
Without instalment	2,854	-	2,854
<b>Overdraft Checking Accounts – TL (Corporate)</b>	<b>943,370</b>	<b>-</b>	<b>943,370</b>
<b>Overdraft Checking Accounts – FC (Corporate)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7,810,556</b>	<b>146,018,507</b>	<b>153,829,063</b>

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Allocation of loan customers<sup>(\*)</sup>

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Public Sector	18,853,395	12,061,315
Private Sector	570,761,768	419,883,290
<b>Total</b>	<b>589,615,163</b>	<b>431,944,605</b>

<sup>(\*)</sup> Non-performing loans are not included.

Allocation of domestic and overseas loans<sup>(\*)</sup>

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Domestic loans	580,835,414	426,987,986
Foreign loans	8,779,749	4,956,619
<b>Total</b>	<b>589,615,163</b>	<b>431,944,605</b>

<sup>(\*)</sup> Non-performing loans are not included.

Loans to associates and subsidiaries

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Direct loans to associates and subsidiaries	50,676	33
Indirect loans to associates and subsidiaries	-	-
<b>Total</b>	<b>50,676</b>	<b>33</b>

Specific provisions accounted for loans (Stage 3)

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Loans and receivables with limited collectability	531,455	321,431
Loans and receivables with doubtful collectability	977,216	1,356,977
Uncollectible loans and receivables	13,109,737	12,039,492
<b>Total</b>	<b>14,618,408</b>	<b>13,717,900</b>

Information on non-performing loans (Net)

Information on non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
<b>Current period - December 31, 2021</b>			
<b>Gross Amounts Before The Reserves</b>	<b>204,656</b>	<b>371,451</b>	<b>1,581,011</b>
Loans Which Are Restructured	204,656	371,451	1,581,011
<b>Prior period - December 31, 2020</b>			
<b>Gross Amounts Before The Reserves</b>	<b>39,537</b>	<b>275,228</b>	<b>1,001,815</b>
Loans Which Are Restructured	39,537	275,228	1,001,815

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
<b>Current Period - December 31, 2021</b>			
Balance at the beginning of the period	520,617	2,403,646	15,005,908
Additions (+)	5,023,344	114,790	370,231
Transfers from other categories of loans under follow-up (+)	-	4,261,340	3,906,850
Transfers to other categories of loans under follow-up (-) (*)	4,272,245	3,895,946	-
Collections (-)	166,535	729,678	2,641,643
Write-offs (-)	-	-	834,885
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	399	-	73,735
<b>Balance at the end of the period</b>	<b>1,105,580</b>	<b>2,154,152</b>	<b>15,880,196</b>
Provision (-)	531,455	977,216	13,109,737
<b>Net balance</b>	<b>574,125</b>	<b>1,176,936</b>	<b>2,770,459</b>

(\*) Loans that are transferred from non-performing loans to restructured loans are presented in Transfers from and to other categories of loans under follow-up.

(\*\*) As of December 31, 2021, the Parent Bank has TL 834,885 out of non-performing loans, which are followed in the fifth group, have no collateral, no reasonable expectations for recovery, and 100% provision has been made, in accordance with the amendment to the Provisions Regulation published by the BRSA in the Official Gazette dated November 27, 2019 and numbered 30961. The amount of loans corresponding to the first part of the loan and the provisions set aside for these have been deducted from the records. After the loans are written off, the Bank's NPL ratio decreased from 3.23% to 3.09%.

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
<b>Prior Period - December 31, 2020</b>			
Balance at the beginning of the period	3,203,134	3,492,946	11,016,436
Additions (+)	4,370,625	111,790	1,246,503
Transfers from other categories of loans under follow-up (+)	-	6,703,801	5,806,870
Transfers to other categories of loans under follow-up (-) (**)	6,728,960	5,781,711	-
Collections (-)	325,778	2,124,350	2,170,346
Write-offs (-)	-	-	890,789
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	1,596	1,170	(2,766)
<b>Balance at the end of the period</b>	<b>520,617</b>	<b>2,403,646</b>	<b>15,005,908</b>
Provision (-)	321,431	1,356,977	12,039,492
<b>Net balance</b>	<b>199,186</b>	<b>1,046,669</b>	<b>2,966,416</b>

(\*) Loans that are transferred from non-performing loans to restructured loans are presented in the transfers to other categories of loans under follow-up lines.

(\*\*) As of December 31, 2020, the Bank has TL 890,789 from non-performing loans, which are followed in the fifth group, have no collateral, no reasonable expectations for recovery, and 100% provision has been made in accordance with the amendment to the Provisions Regulation published by the BRSA in the Official Gazette dated November 27, 2019 and numbered 30961. The amount of loans corresponding to the first part of the loan and the provisions set aside for these have been written off. After the loans are written off, the Bank's NPL ratio decreased from 4.16% to 3.97%.

Uncollectible loans and other receivables are collected through liquidation of collaterals and legal follow-up.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Information on non-performing loans and other receivables in foreign currencies

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
<b>Current Period - December 31, 2021</b>			
Balance at the end of the period	11,300	437,240	5,037,148
Provision (-)	4,711	104,367	4,071,240
<b>Net balance on balance sheet</b>	<b>6,589</b>	<b>332,873</b>	<b>965,908</b>
<b>Prior Period - OYILSONU#</b>			
Balance at the end of the period	271,318	1,362,554	4,321,107
Specific provision (-)	169,359	740,044	3,413,489
<b>Net balance on balance sheet</b>	<b>101,959</b>	<b>622,510</b>	<b>907,618</b>

Non-performing foreign currency denominated loans are followed in TL accounts.

The gross and net amounts of non-performing loans according to user groups

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
<b>Current Period - December 31, 2021</b>			
<b>Current Period (Net)</b>	<b>574,125</b>	<b>1,176,936</b>	<b>2,770,459</b>
Consumer and Commercial Loans (Gross)	1,105,245	2,154,140	15,857,216
Provision (-)	531,120	977,208	13,086,778
<b>Consumer and Commercial Loans (Net)</b>	<b>574,125</b>	<b>1,176,932</b>	<b>2,770,438</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	335	12	22,980
Specific Provision (-)	335	8	22,959
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>4</b>	<b>21</b>

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
<b>Prior Period - December 31, 2020</b>			
<b>Prior Period (Net)</b>	<b>199,186</b>	<b>1,046,669</b>	<b>2,966,416</b>
Consumer and Commercial Loans (Gross)	519,481	2,402,239	14,982,098
Provision (-)	320,297	1,355,573	12,015,700
<b>Consumer and Commercial Loans (Net)</b>	<b>199,184</b>	<b>1,046,666</b>	<b>2,966,398</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	1,136	1,407	23,810
Provision (-)	1,134	1,404	23,792
<b>Other Loans and Receivables (Net)</b>	<b>2</b>	<b>3</b>	<b>18</b>

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Information on interest accruals, rediscunts and valuation differences calculated for non-performing loans by banks allocating expected credit losses according to TFRS 9 and their provisions.

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period (Net) - December 31, 2021</b>	<b>41,802</b>	<b>87,321</b>	<b>398,494</b>
Interest accruals and valuation differences	90,626	199,687	1,881,468
Provision (-)	48,824	112,366	1,482,974
<b>Prior Period (Net) - December 31, 2020</b>	<b>10,442</b>	<b>84,433</b>	<b>658,148</b>
Interest accruals and valuation differences	25,935	201,036	1,786,371
Provision (-)	15,493	116,603	1,128,223

6. Information on financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Government bonds	48,358,190	15,883,492	44,159,655	7,895,261
Treasury bills	-	-	-	-
Other securities issued by the governments	-	9,293,290	-	6,447,138
<b>Total</b>	<b>48,358,190</b>	<b>25,176,782</b>	<b>44,159,655</b>	<b>14,342,399</b>

Information on financial assets measured at amortized cost

	Current Period - December 31, 2021	Prior Period - December 31, 2020
<b>Debt Securities</b>	<b>73,861,983</b>	<b>58,747,252</b>
Quoted at stock exchanges	73,593,922	58,598,242
Unquoted at stock exchanges	268,061	149,010
<b>Impairment losses (-)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>73,861,983</b>	<b>58,747,252</b>

(\*) Changes in amortized costs of the marketable securities also include rediscount differences in marketable securities.

The movement table of the financial assets measured at amortised cost

	Current Period - December 31, 2021	Prior Period - December 31, 2020
<b>Balances at the beginning of the period</b>	<b>58,747,252</b>	<b>47,014,633</b>
Foreign currency differences on monetary assets	9,987,748	3,415,268
Purchases during the period	1,418,048	10,980,105
Disposals through sales/redemptions	(2,975,048)	(5,718,504)
Change in Impairment losses	-	-
Change in amortized costs of the securities (*)	6,683,983	3,055,750
<b>Balances at the end of the period</b>	<b>73,861,983</b>	<b>58,747,252</b>

(\*) Changes in amortized costs of the marketable securities also include rediscount differences in marketable securities.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Information on accounts related to financial assets measured at amortized cost

Current Period - December 31, 2021	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	3,724,514	8,171,526	5,222,046	8,553,080
Investments subject to repurchase agreements	28,266,611	14,139,847	42,200,956	14,987,420
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	719,513	1,576,739	994,138	1,904,343
<b>Total</b>	<b>32,710,638</b>	<b>23,888,112</b>	<b>48,417,140</b>	<b>25,444,843</b>

(\*) The securities held as free that are not subject to collateral/blockage or other transactions are presented in the "Other" line.

Prior Period - December 31, 2020	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	5,025,295	4,255,426	7,421,128	4,522,402
Investments subject to repurchase agreements	23,856,260	9,231,311	28,591,836	9,566,589
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	5,366,141	433,569	8,205,641	439,656
<b>Total</b>	<b>34,247,696</b>	<b>13,920,306</b>	<b>44,218,605</b>	<b>14,528,647</b>

(\*) The securities held as free that are not subject to collateral/blockage or other transactions are presented in the "Other" line.

7. Investments in associates

Unconsolidated investments in associates

Title	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1 Roketsan Roket Sanayi ve Ticaret AŞ (*)	Ankara/Türkiye	9.93	9.93
2 Bankalararası Kart Merkezi AŞ	İstanbul/Türkiye	4.75	4.75
3 KKB Kredi Kayıt Bürosu AŞ (*)	İstanbul/Türkiye	9.09	9.09
4 Güçbirliği Holding AŞ (*)	İzmir/Türkiye	0.07	0.07
5 İzmir Entermasyonel Otelcilik AŞ (*)	İstanbul/Türkiye	5.00	5.00
6 İstanbul Takas ve Saklama Bankası AŞ (*)	İstanbul/Türkiye	4.37	4.37
7 Kredi Garanti Fonu AŞ	Ankara/Türkiye	1.49	1.49
8 Türkiye Ürün İhtisas Borsası AŞ (*)	Ankara/Türkiye	3.00	3.00
9 Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ (*)	İstanbul/Türkiye	33.33	33.33
10 JCR Avrasya Derecelendirme AŞ (*)	İstanbul/Türkiye	2.86	2.86
11 Birleşik İpotek Finansmanı AŞ (*)	İstanbul/Türkiye	8.33	8.33
12 Platform Ortak Karlı Sistemler AŞ (**)	İstanbul/Türkiye	20.00	20.00
13 Tasfiye Halinde World Vakıf UBB Ltd. (***)	Lefkoşa/KKTC	83.00	83.59

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Period's Profit/Loss	Fair Value
1	10,624,267	3,333,806	1,387,768	31,871	-	783,247	235,009	15,839,000
2	397,536	328,592	96,050	27,498	-	93,651	35,413	-
3	544,660	339,776	297,247	13,036	-	47,719	48,549	-
4	133,569	(73,530)	88,096	3,782	-	21,149	(28,485)	-
5	80,377	(272,464)	75,401	-	-	(67,129)	(87,402)	-
6	31,274,420	3,002,208	162,283	528,839	76,573	655,999	359,199	-
7	1,123,996	868,953	19,242	58,949	-	87,977	138,849	-
8	102,273	89,489	25,829	10,162	-	28,767	13,078	-
9	202,521	165,159	70,205	9,281	-	6,173	168	-
10	82,592	73,849	28,099	2,043	-	46,508	(1,399)	-
11	55,060	52,696	2,535	6,976	-	2,508	70	-
12	5,711	5,682	38	1,263	-	918	(464)	-
13	1,131	(220,178)	-	167	-	(24,010)	(18,232)	-

(\*) The financial statement information provided for these associates is taken from the financial statements dated September 30, 2021.

(\*\*) The financial statement information provided for these associates is taken from the financial statements dated December 31, 2019.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021**

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

**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)**

In the prior period, it has been decided to increase the paid-in capital of the Parent Bank's subsidiary, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, from TL 26,000 to TL 145,000. For the part of TL 104,987 was funded through paid capital increase and the part of TL 14,013 was funded from internal resources. After the capital increase, the share which corresponds to the Parent Bank was TL 34,992.

In the prior period, it has been decided to increase the capital of Birleşik İpotek Finansmanı from TL 10,000 to TL 50,000. The share amounting to TL 3,333 corresponds to the share of the Parent Bank.

In the prior period, the difference amounting to TL 32 corresponds to the Parent Bank's share due to the corrections made in the JCR Avrasya Rating AŞ's paid in capital records.

In the prior period, at the Ordinary General Assembly of one of the Parent Bank's affiliates Bankalararası Kart Merkezi, it has been decided to increase firm's capital from TL 30,000 to TL 177,493, by funding TL 56,950 of it internally and for the part of TL 90,543 by increasing the pre-emptive rights of the existing shareholders. The bonus share amounting to TL 5,522 corresponds to the Parent Bank's share.

In the prior period, the Parent Bank's subsidiaries in Türkiye Ürün İhtisas Borsası AŞ's Ordinary General Meeting held on March 2, 2020, it was decided to reduce the company's paid-in capital from TL 100,000 to TL 50,000. The remaining capital debt in the current period has been paid.

In the prior period, Türkiye Varlık Fonu joined to Platform Ortak Kartlı Sistemler AŞ on February 12, 2020, as a new shareholders. Due to the transfer of TL 1,400 from the Parent Bank's nominal capital share of TL 7,000 to TVF, the nominal capital share of the Parent Bank has decreased to TL 5,600. In addition, amounting to TL 350 share was sold of the Parent Bank's capital share.

In the prior period, PTT AS joined the Platform Ortak Kartlı Sistemler AŞ as a new shareholders on June 3, 2020. Nominal share of capital has decreased to TL 4,200 due to the transfer of the Parent Bank's nominal share part of TL 1,400 of TL 5,600 to PTT AŞ In addition, amounting to TL 350 share was sold of the Parent Bank's capital share.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021**

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

**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)**

**Unconsolidated associates, reasons for not consolidating such investments and accounting treatments applied for such investments:**

İstanbul Takas ve Saklama Bankası AŞ, Kredi Garanti Fonu AŞ and Birleşik İpotek Finansmanı AŞ have not been consolidated since their total assets and net operating profit/loss) individually or as a whole, do not comprise a material portion within the consolidated totals. Since Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, Roketsan Roket Sanayi ve Ticaret AŞ, Güçbirliği Holding AŞ, İzmir Enternasyonal Otelcilik AŞ, Platform Ortak Kartlı Sistemler AŞ, Türkiye Ürün İhtisas Borsası AŞ, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ and JCR Avrasya Derecelendirme AŞ are not financial associates; these associates have not been consolidated. These associates have been accounted for as per TAS-39 in the consolidated financial statements in accordance with TFRS 9.

**Consolidated investments in associates**

Title	Address (City/ Country)	Parent Bank's	Bank Risk Group's
		Share – If Different, Voting Rights (%)	
1 Kıbrıs Vakıflar Bankası Ltd.	Lefkoşa/KKTC	15.00	15.00
2 Türkiye Sınai Kalkınma Bankası AŞ	İstanbul/Turkey	8.38	8.38

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
2	61,775,687	6,751,364	1,397,066	2,357,953	754,460	774,602	528,164	4,040,400

**Movement of consolidated investments in associates**

	Current Period - December 31, 2021	Prior Period - December 31, 2020
<b>Balance at the beginning of the period</b>	<b>428,622</b>	<b>297,263</b>
<b>Movements during the period</b>	<b>(79,519)</b>	<b>131,359</b>
Transfers	-	-
Acquisitions	-	-
Bonus shares received	-	-
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	-	131,359
Impairment losses	(79,519)	-
<b>Balance at the end of the period</b>	<b>349,103</b>	<b>428,622</b>
<b>Capital commitments</b>	-	-
<b>Share percentage at the end of period (%)</b>	-	-

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Sectoral distribution of consolidated investments and associates

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Banks	349,103	428,622
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	-	-
<b>Total</b>	<b>349,103</b>	<b>428,622</b>

Quoted associates

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Quoted at domestic stock exchanges	338,484	418,003
Quoted at international stock exchanges	-	-
<b>Total</b>	<b>338,484</b>	<b>418,003</b>

Investments in associates disposed during the period

In the current period, all of the 39.30% shares owned by the Parent Bank in Keskinöğlü Tavukçuluk ve Damız İşletmeleri Sanayi ve Ticaret AŞ, which was followed under the Subsidiaries Account in the Bank's balance sheet, was transferred to T.C. Ziraat Bankası AŞ and the Bank does not have any shares left in the company as of January 8, 2021.

Investments in associates acquired during the period

There are no affiliates purchased in the current period.

In the prior period, the Parent Bank became a shareholder of Keskinöğlü Tavukçuluk ve Damızlık İşletmeleri Sanayi Ticaret AŞ on 3 September 2020 with a capital of TL 110,000. The Parent Bank's nominal share in the capital is TL 45,952 and share ratio is 41.77%.

In the prior period, the Parent Bank transferred 2.47% of its shares in Keskinöğlü Tavukçuluk ve Damız İşletmeleri Sanayi Ticaret AŞ, one of its subsidiaries, to the former shareholders upon the Board of Directors decision taken by the Company.

In the prior period, the Parent Bank has participated in establishment of the Birleşik İpotek Finansmanı AŞ., which was established with a capital of TL 10,000. The nominal share of the Parent Bank is TL 833 and the share rate is 8.33%. Transactions regarding the establishment of the company were registered in the trade registry on March 17, 2020.

In the prior period, the Parent Bank has become a shareholder to Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ with 33.33% share ratio, in 7 February 2020, by the share transfer agreement signed with the Türkiye Halk Bankası AŞ for the nominal shares of TL 8,666. The share amounting to TL 27,997 corresponds to the Parent Bank's share.

In the prior period, the Parent Bank became a partner of JCR Avrasya Derecelendirme AŞ. With a capital of TL 1,000 on January 17, 2020. The nominal share in the capital is TL 29 and the share rate is 2.86%. The Parent Bank's share in the capital will be paid in two installments. 3/4 of the amount hitting the Parent Bank's share has been paid in cash, and the remaining 1/4 must be paid within six months of the first installment closing date. The Parent Bank has paid to JCR Avrasya Rating AŞ the second remaining installment of undertaken capital as of 30 June 2020. The amount of 689 TL, which corresponds to one fourth of the Bank's share, is shown under Purchases in the movement table of subsidiaries.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

8. Investments in subsidiaries  
Information on significant subsidiaries

	Current Period - December 31, 2021		Prior Period - December 31, 2020		Current Period - December 31, 2021		Prior Period - December 31, 2020	
	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ
Paid in Capital	311,248	468,895	150,000	350,000	1,000,000	30,000	1,000,000	30,000
Share Premium	-	13,232	137	-	322,717	121	322,717	121
Equity share premiums	-	-	-	-	301,118	28	301,118	28
Share cancellation profits	-	-	-	-	-	-	-	-
Other capital reserves	-	13,232	137	-	21,599	93	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	27,067	10,720	5,594	(187)	(36)	(187)	(36)
Other accumulated comprehensive income that will be reclassified in profit or loss	2,203,220	-	-	-	-	-	-	-
Profit Reserves	21,149	64,612	151,446	118,794	145,336	408	145,336	408
Legal Reserves	21,149	14,333	33,808	23,191	11,781	395	11,781	395
Statutory reserves	-	-	-	-	-	-	-	-
Extraordinary Reserves	-	50,279	42,588	95,603	133,008	13	133,008	13
Other Profit Reserves	-	-	75,050	-	547	-	547	-
Profit/Loss	153,745	88,836	206,348	84,425	159,988	1,669	159,988	1,669
Prior Period's Profit/Loss	68,433	(65,147)	4,081	(41,420)	6,752	(1,401)	6,752	(1,401)
Current Period's Profit/Loss	85,312	153,983	202,267	125,845	153,236	3,070	153,236	3,070
Minority Rights	-	-	-	-	-	-	-	-
<b>Total Core Capital</b>	<b>2,689,362</b>	<b>662,642</b>	<b>518,651</b>	<b>558,813</b>	<b>1,627,854</b>	<b>32,162</b>	<b>1,627,854</b>	<b>32,162</b>
<b>SUPPLEMENTARY CAPITAL</b>	<b>2,689,362</b>	<b>662,642</b>	<b>518,651</b>	<b>558,813</b>	<b>1,627,854</b>	<b>32,162</b>	<b>1,627,854</b>	<b>32,162</b>
<b>NET AVAILABLE EQUITY</b>	<b>2,689,362</b>	<b>662,642</b>	<b>518,651</b>	<b>558,813</b>	<b>1,627,854</b>	<b>32,162</b>	<b>1,627,854</b>	<b>32,162</b>

Financials that are based to consolidation as of December 31, 2021 are considered.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

	Prior Period – December 31, 2020	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Paid in Capital	311,248	311,248	200,000	100,000	250,000	460,000	30,000
Share Premium	-	-	9,044	137	-	300,577	121
Equity share premiums	-	-	-	-	-	278,978	28
Share cancellation profits	-	-	-	-	-	-	-
Other capital reserves	-	-	9,044	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	-	31,506	(628)	4,397	(13)	(40)
Other accumulated comprehensive income that will be reclassified in profit or loss	1,207,608	1,207,608	-	11,637	-	-	-
Profit Reserves	17,882	17,882	54,290	23,089	120,688	130,828	408
Legal Reserves	17,882	17,882	11,317	10,390	18,286	9,056	395
Statutory reserves	-	-	-	-	-	-	-
Extraordinary Reserves	-	-	42,973	12,699	102,402	121,225	13
Other Profit Reserves	100,665	100,665	1,455	281,938	67,998	547	-
Profit/Loss	42,062	42,062	(57,263)	124,550	(18,796)	61,260	(1,399)
Prior Period's Profit/Loss	58,603	58,603	58,718	157,388	86,794	10,351	(1,737)
Current Period's Profit/Loss	-	-	-	-	-	50,909	338
Minority Rights	-	-	-	-	-	-	-
<b>Total Core Capital</b>	<b>1,637,403</b>	<b>1,637,403</b>	<b>296,295</b>	<b>416,173</b>	<b>443,083</b>	<b>952,652</b>	<b>29,090</b>
<b>SUPPLEMENTARY CAPITAL</b>	<b>1,637,403</b>	<b>1,637,403</b>	<b>296,295</b>	<b>416,173</b>	<b>443,083</b>	<b>952,652</b>	<b>29,090</b>
<b>NET AVAILABLE EQUITY</b>	<b>1,637,403</b>	<b>1,637,403</b>	<b>296,295</b>	<b>416,173</b>	<b>443,083</b>	<b>952,652</b>	<b>29,090</b>

Financials that are based to consolidation as of December 31, 2020 are considered.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

CONSOLIDATED ACTIVITY REPORT AS OF DECEMBER 31, 2021

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary, measures the capital sufficiency status every six months as an independent audit, in line with the "Communiqué on the Principles of the Capital and Capital Adequacy of Intermediary Agencies" Serial: V, No:34 of the Capital Markets Board. According to the calculations at December 31, 2021, there is no capital requirement for the subsidiaries mentioned.

Unconsolidated investments in subsidiaries

Title	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Vakıf Enerji ve Madencilik AŞ (*)	Ankara/Turkey	65.50	80.48
2 Taksim Otelcilik AŞ (*)	İstanbul/ Turkey	51.00	51.00
3 Vakıf Pazarlama Sanayi ve Ticaret AŞ (*)	İstanbul/ Turkey	86.97	88.89
4 Vakıf Gayrimenkul Değerleme AŞ (*)	İstanbul/ Turkey	97.14	97.14

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	352,409	223,414	245,128	2,215	-	(4,077)	(3,823)	43,911
2	471,377	452,321	194,910	25,629	-	50,921	11,787	555,605
3	139,878	66,427	85,654	4,016	197	(422)	1,426	81,009
4	38,554	26,745	425	4,775	-	(8,654)	(2,377)	26,667

(\*) The financial statement information provided for these subsidiaries is taken from the financial statements as of September 30, 2021.

In the current period, it has been decided to increase the capital of Taksim Otelcilik AŞ from 334,257 TL to 350,000 TL. The bonus share amounting to 8,029 corresponds to the Parent Bank's share.

In the prior period, the paid-in capital of Vakıf Gayrimenkul Değerleme AŞ, which was TL 14,000, is increased by TL 16,000 to TL 30,000. In the company's capital, the Parent Bank's nominal share increased from TL 13,600 to TL 29,143.

In the prior period, the Parent Bank has paid TL 678 for TL 400 nominal share of Vakıf Emeklilik ve Hayat AŞ, one of the partners of Vakıf Gayrimenkul Değerleme AŞ, on January 16, 2020.

Unconsolidated subsidiaries, reasons for not consolidating such investments and accounting treatments applied for such investments:

Vakıf Enerji ve Madencilik AŞ, Taksim Otelcilik AŞ, Vakıf Pazarlama Sanayi ve Ticaret AŞ, Vakıf Gayrimenkul Değerleme AŞ and Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ have not been consolidated since they are not among the financial subsidiaries of the Bank. Therefore, the subsidiaries whose fair value can be reliably measured are reflected in the consolidated financial statements at their fair values.



CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

CONSOLIDATED ACTIVITY REPORT AS OF DECEMBER 31, 2021

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

*Investments in consolidated subsidiaries*

Title	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Vakıf Faktoring AŞ	İstanbul/Turkey	78.39	80.62
2 Vakıf Finansal Kiralama AŞ	İstanbul/Turkey	58.71	58.71
3 Vakıf Yatırım Menkul Değerler AŞ	İstanbul/Turkey	99.25	99.40
4 VakıfBank International AG	Vienna/Austria	100.00	100.00
5 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	İstanbul/Turkey	17.37	17.37
6 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	İstanbul/Turkey	48.95	48.95

  

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	7,179,447	590,674	4,627	362,341	-	116,286	98,106	587,367
2	6,296,924	702,444	29,674	371,352	-	128,071	60,321	1,541,500
3	2,107,175	518,651	59,287	145	18,696	202,267	182,348	599,853
4	13,630,500	2,627,814	1,777	191,576	-	108,269	52,828	1,369,078
5	32,529	32,165	179	2,067	6	3,067	350	166,620
6	4,619,815	2,441,130	1,611,186	13,082	-	474,688	118,592	1,599,000

*Movement table of consolidated investments in subsidiaries in consolidated financial statements*

	Current Period – December 31, 2021	Prior Period - December 31, 2020
<b>Balance at the beginning of the period</b>	<b>3,272,863</b>	<b>1,477,248</b>
<b>Movements during the period</b>	<b>868,772</b>	<b>1,795,615</b>
Transfers	-	-
Acquisitions	426,846	207,560
Bonus shares received	175,660	102,205
Share of current year profit	-	-
Sales and liquidations	-	-
Fair value changes	848,932	1,485,850
Impairment losses	(582,666)	-
<b>Balance at the end of the period</b>	<b>4,141,635</b>	<b>3,272,863</b>
<b>Capital commitments</b>	-	-
<b>Share percentage at the end of the period (%)</b>	-	-

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

In the current period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 200,000 to TL 250,000. Bonus shares worth TL 29,356 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 250,000 to TL 500,000 by an increase of TL 250,000. Shares worth TL 146,780 corresponding to the Bank's share are shown under Purchases in the movement table for subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 460,000 to TL 500,000. Bonus shares amounting to TL 18,286 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 500,000 to TL 1,000,000 by an increase of TL 500,000. TL 280,066 worth of shares corresponding to the Parent Bank's share are shown under Purchases in the movement table for subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from 100,000 TL to 150,000 TL. Bonus shares amounting to TL 49,625 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Faktoring AŞ from TL 250,000 to TL 350,000. Bonus shares amounting to TL 78,393 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Faktoring AŞ from TL 170,000 to TL 250,000. The bonus shares amounting to TL 62,714 corresponding to the share of the Parent Bank are shown under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the prior period, the capital of "Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ" was increased from TL 20,000 to TL 30,000. After the addition 3,314 VKFYO shares, the Parent Bank's pre-emptive right was fully exercised for TL 3,473 nominal share in the company's capital. The shares amounting to TL 1,737 corresponding to the share of the bank are shown under Acquisitions in the Movement Table of Investments in Subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from TL 75,000 to TL 100,000. Bonus shares amounting to TL 24,813 corresponding to the share of the Parent Bank are shown under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 175,000 to TL 200,000. Bonus shares amounting to TL 14,678 corresponding to the share of the Parent Bank are included under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the prior period, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ's paid-in capital of TL 230,000, within the registered capital ceiling of TL 1,000,000, was increased by TL 230,000 to TL 460,000. The shares amounting to TL 148,740 corresponding to the Parent Bank's share are shown in the Acquisitions in the Movement Table of Investments in Subsidiaries.

In the current period, one of the VakıfBank International AG partners, all of the 10% shares of Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı was acquired by the Parent Bank for 57,083 per share, in March 24, 2020. Shares are shown in the Acquisitions in the Movement Table of Investments in Subsidiaries.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

*Valuation of consolidated subsidiaries in unconsolidated financial statements*

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Measured at cost	-	-
Measured at fair value (*)	4,141,635	3,272,863
Equity method of accounting	-	-
<b>Total</b>	<b>4,141,635</b>	<b>3,272,863</b>

(\*) Valuation amounts of 31 December 2021 have been taken for the unquoted subsidiaries.

*Sectoral distribution of consolidated investments in financial subsidiaries*

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Banks	1,369,078	935,314
Factoring companies	460,454	443,029
Leasing companies	905,048	502,224
Financing companies	-	-
Other financial subsidiaries	1,407,055	1,392,296
<b>Total</b>	<b>4,141,635</b>	<b>3,272,863</b>

*Quoted consolidated subsidiaries*

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Quoted at domestic stock exchanges	1,716,749	1,302,025
Quoted at international stock exchanges	-	-
<b>Total</b>	<b>1,716,749</b>	<b>1,302,025</b>

*Consolidated subsidiaries disposed during the period*

The Parent Bank has no subsidiaries that were disposed in the current period.

*Investments in subsidiaries acquired during the period*

In the current period, the Bank established Vakıf Elektronik Para ve Dağıtım Hizmetleri AŞ with a capital of 100,000 TL to operate in the field of electronic money and payment services. The company was registered in the trade registry on 25 November 2021. The Bank's share in the Company is 100% and shares worth 100,000 TL are shown under Purchases in the movement table for subsidiaries.

**9. Investments in joint-ventures**

There is not any investment in joint-ventures of the Group within current and prior period.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

**10. Information on finance lease receivables (net)**

*Finance lease receivables disclosed according to remaining maturities*

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	Gross	Net	Gross	Net
Less than 1 year	1,197,813	1,234,244	828,136	739,669
Between 1-4 years	3,555,711	3,004,845	2,593,089	2,209,340
Longer than 4 years	957,785	742,242	427,038	322,001
<b>Total</b>	<b>5,711,309</b>	<b>4,981,331</b>	<b>3,848,263</b>	<b>3,271,010</b>

*Net investments in finance lease receivables*

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Gross finance lease receivables	5,711,309	3,848,263
Unearned income on finance lease receivables (-)	729,978	577,253
Terminated lease contracts (-)	-	-
<b>Net finance lease receivables</b>	<b>4,981,331</b>	<b>3,271,010</b>

*Finance lease agreements*

Sum of the minimum lease payments including interest and principal amounts are stated under the "finance lease receivables" as gross. The difference between the total of rent payments and the cost of the related fixed assets is reflected to the "unearned income" account. If the lease payments are made, the lease principal amount is deducted from the "finance lease receivables" as the interest component of the payment is reflected to interest income on the consolidated statement of income.

**11. Information on hedging purpose derivatives**

*Positive differences on derivative financial instruments held for risk management purposes*

None.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

12. Information on tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
<b>Balance at the end of the prior year:</b>					
Cost	2,726,395	1,380,641	230,540	2,032,789	6,370,365
Accumulated depreciation(-)	57,426	480,820	59,412	1,409,697	2,007,355
Impairment(-)	114,717	-	-	78,891	193,608
<b>Net book value</b>	<b>2,554,252</b>	<b>899,821</b>	<b>171,128</b>	<b>544,201</b>	<b>4,169,402</b>
<b>Current Period:</b>					
Net book value at the beginning of the current year	2,554,252	899,821	171,128	544,201	4,169,402
Additions	258,984	429,382	8,076	362,101	1,058,543
Transferred cost	969,054	-	-	-	969,054
Transferred amortisation	7,993	-	-	-	7,993
Cost of the disposals	1,030,065	221,381	6,503	38,442	1,296,391
Depreciation of the disposals (-)	60	32,692	3,289	16,054	52,095
Depreciation of the current year	9,785	274,851	41,975	155,146	481,757
Impairment (-)	184,585	-	-	167,713	352,298
Exchange differences related to foreign associates	(12,339)	-	509	17,916	6,086
Cost at the end of the current year	2,912,029	1,588,642	232,622	2,374,364	7,107,657
Accumulated depreciation at the end of the year (-)	59,158	722,979	98,098	1,548,789	2,429,024
Impairment (-)	299,302	-	-	238,280	537,582
<b>Net book value at the end of the current year</b>	<b>2,553,569</b>	<b>865,663</b>	<b>134,524</b>	<b>587,295</b>	<b>4,141,051</b>

13. Information on intangible assets

Group's intangible assets consist of computer softwares and licences. The estimated useful life or depletion share of intangible assets is five years. Intangible assets are amortized on a straight-line basis over the estimated useful lives. The Parent Bank divides the depletion share of intangible assets according to inflation adjusted values.

There is not any intangible asset that is important for fullest extend of financial statements.

Group does not have any intangible asset that is collateral or acquired by government promotion and has a limitation on usage.

The Parent Bank did not declared a commitment to purchase intangible assets.

14. Information on investment properties

As of December 31, 2021, there are investment properties with a net balance sheet value of TL 972,154 (31 December 2020: TL 502,143) and a fair value of TL 1,594,627 (31 December 2020: TL 867,782), belonging to the Parent Bank's subsidiary operating in the real estate investment trust.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

15. Information on tax assets

a) Current tax assets

As at December 31, 2021 there is no current tax asset of the Group (December 31, 2020: None).

b) Deferred tax assets

The deferred tax asset of the Bank as of December 31, 2021 is TL 72,767 (December 31, 2020: TL 1,234,832). Information on deferred tax liability V. Section II. Section 8 is shown in footnote.

The deferred tax asset / liability schedule as of December 31, 2021 and December 31, 2020 is as follows:

	Current Period - December 31, 2021	Prior Period - December 31, 2020
<b>As of 1 January</b>	<b>1,177,204</b>	<b>769,626</b>
Deferred tax income/(loss)	(896,058)	460,368
Deferred tax that is accounted under Equity	(241,344)	(24,877)
Other	18,246	(27,913)
<b>Deferred tax asset/(liability)</b>	<b>58,048</b>	<b>1,177,204</b>

The reconciliation of the deferred tax on the assets directly related to the equity is as follows as of December 31, 2021 and December 31, 2020:

	Current Period December 31, 2021	Prior Period December 31, 2020
Financial assets at fair value through other comprehensive income	(216,847)	(10,853)
Associates and subsidiaries	(37,800)	(10,202)
Tangible assets	333	(22,773)
Actuarial gains and losses	12,970	18,951
<b>Total</b>	<b>(241,344)</b>	<b>(24,877)</b>

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

16. Information on assets held for sale and assets related to the discontinued operations

As of December 31, 2021, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 756,999 (December 31, 2020: TL 1,263,718), and the provision for impairment is TL 1,746 (December 31, 2020: TL 7,467). There are no other assets held for sales and discontinued operations. (31 December 2020: TL 3.)

17. Information on other asset

As of December 31, 2021, and December 31, 2020, "Other Asset" item does not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

18. Information on expected loss provisions for financial assets

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Balances with the Central Bank	1,532	990
Banks	12,853	1,878
<b>Total</b>	<b>14,385</b>	<b>2,868</b>
Financial Assets Measured at Amortized Cost	8,247	6,596
<b>Total</b>	<b>22,632</b>	<b>9,464</b>

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity profile of deposits

Current Period December 31, 2021	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	15,231,477	-	11,559,594	46,268,755	10,470,493	1,432,528	1,827,314	9,738	86,799,899
Foreign currency deposits	67,643,026	-	51,026,724	149,584,017	7,492,896	5,620,206	14,354,238	-	295,721,107
Residents in Turkey	63,112,972	-	50,374,815	144,540,887	6,023,351	3,303,784	5,794,328	-	273,150,137
Residents in abroad	4,530,054	-	651,909	5,043,130	1,469,545	2,316,422	8,559,910	-	22,570,970
Public sector deposits	13,816,572	-	8,028,818	8,796,107	920,075	372,760	125,928	-	32,060,260
Commercial deposits	10,981,552	-	29,169,742	34,593,719	2,239,806	917,073	138,202	-	78,040,094
Other	11,570,970	-	4,063,921	20,653,480	3,433,962	445,265	336,249	-	40,503,847
Precious metal deposits	26,593,579	-	-	14,891	-	2,585,813	262,572	-	29,456,855
Bank deposits	1,887,223	-	17,814,826	13,011,031	-	67,299	447,537	-	33,227,916
Central Bank	1,625	-	-	-	-	-	-	-	1,625
Domestic banks	1,115,251	-	17,098,189	2,192,613	-	-	-	-	20,406,053
Foreign banks	529,713	-	716,637	10,818,418	-	67,299	447,537	-	12,579,604
Participation banks	240,634	-	-	-	-	-	-	-	240,634
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>147,724,399</b>	<b>-</b>	<b>121,663,625</b>	<b>272,922,000</b>	<b>24,557,232</b>	<b>11,440,944</b>	<b>17,492,040</b>	<b>9,738</b>	<b>595,809,978</b>

Prior Period December 31, 2020	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	10,033,091	-	9,141,056	49,160,575	1,414,287	309,055	717,266	8,924	70,784,254
Foreign currency deposits	26,859,937	-	23,889,457	101,011,849	4,568,016	3,449,062	10,501,869	-	170,280,190
Residents in Turkey	24,609,233	-	23,495,452	98,182,126	3,659,298	1,956,144	3,640,307	-	155,542,560
Residents in abroad	2,250,704	-	394,005	2,829,723	908,718	1,492,918	6,861,562	-	14,737,630
Public sector deposits	9,869,935	-	16,555,520	9,056,028	835,740	172,860	122,980	-	36,613,063
Commercial deposits	6,887,624	-	24,052,710	31,747,855	199,071	510,308	271,607	-	63,669,175
Other	9,124,141	-	2,401,792	20,331,158	1,278,713	362,348	851,775	-	34,349,927
Precious metal deposits	17,226,185	-	2,231	4,909	-	1,385,635	173,116	-	18,792,076
Bank deposits	1,636,729	-	14,161,699	6,881,876	322,934	29,959	-	-	23,033,197
Central Bank	3,418	-	-	-	-	-	-	-	3,418
Domestic banks	687,760	-	13,871,431	1,180,543	322,934	-	-	-	16,062,668
Foreign banks	253,385	-	290,268	5,701,333	-	29,959	-	-	6,274,945
Participation banks	692,166	-	-	-	-	-	-	-	692,166
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>81,637,642</b>	<b>-</b>	<b>90,204,465</b>	<b>218,194,250</b>	<b>8,618,761</b>	<b>6,219,227</b>	<b>12,638,613</b>	<b>8,924</b>	<b>417,521,882</b>

(\*) Savings deposit balance, includes TL 8,958,208 "Turkish Lira Time Deposits with Currency Protection", which was opened within the scope of the announcement of the Ministry of Treasury and Finance dated 24 December 2021 and TL 1,231,731 opened within the scope of the product "Currency Conversion Currency Protected Turkish Lira Time Deposits" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696.

Information on saving deposits insured by Saving Deposit Insurance Fund and the total amounts of the deposits exceeding the insurance coverage limit

	Current Period – December 31, 2021		Prior Period - December 31, 2020	
	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	38,157,515	48,642,384	34,549,132	36,235,122
Foreign currency saving deposits	35,113,479	119,335,680	26,578,612	57,449,267
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
<b>Total</b>	<b>73,270,994</b>	<b>167,978,064</b>	<b>61,127,744</b>	<b>93,684,389</b>

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II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

Saving deposits out of insurance coverage limits

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Deposits and other accounts at foreign branches	127,496	68,685
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	17,472	9,753
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purpose

Negative differences related to the derivative financial liabilities held for trading purpose

	Current Period- December 31, 2021		Prior Period- December 31, 2020	
	TL	FC	TL	FC
Forwards	1,167,111	3,555	46,128	1,739
Swaps	428,039	3,702,220	4,013,676	2,019,300
Futures	-	-	-	-
Options	14,062	175,291	1,367	1,091
Other	-	-	-	-
<b>Total</b>	<b>1,609,212</b>	<b>3,881,066</b>	<b>4,061,171</b>	<b>2,022,130</b>

3. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	484,900	1,791,814	162,800	1,346,184
Domestic banks and institutions	2,839,703	9,120,177	1,947,294	8,931,538
Foreign banks, institutions and funds	182,724	84,017,353	340,202	38,960,977
<b>Total</b>	<b>3,507,327</b>	<b>94,929,344</b>	<b>2,450,296</b>	<b>49,238,699</b>

b) Maturity information of funds borrowed

	Current Period - September 30, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Short-term (*)	2,953,951	4,334,216	1,893,582	3,569,660
Medium and Long-term (**)	553,376	90,595,128	556,714	45,669,039
<b>Total</b>	<b>3,507,327</b>	<b>94,929,344</b>	<b>2,450,296</b>	<b>49,238,699</b>

(\*) Maturity profile of funds borrowed is prepared in accordance to their original maturities.

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for %10.10 (December 31, 2020: %7.77) of the Group's liabilities. There is no risk concentration on funding sources of the Group.

On December 21, 2021, the Bank signed a contract to obtain a 3-year loan worth CNY 3.5 Million from the Development Bank of China, to be used within the framework of general financing needs along with the financing of foreign trade.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

Syndicated Loans Receive

Beginning From	Maturity (Days)	Currency	Amount (Millions)	Interest rate	Coordinator Bank	Agent Bank
9 December 2021	367	USD	296	Libor+2.15%	The Commercial Bank (P.S.Q.C.) First Abu Dhabi Bank (P.J.S.C.) Emirates NBD Bank (P.J.S.C.)	Emirates NBD Bank (P.J.S.C.)
	367	EUR	313,5	Euribor+1.75%	The Commercial Bank (P.S.Q.C.) Emirates NBD Bank (P.J.S.C.) The Commercial Bank (P.S.Q.C.)	Emirates NBD Bank (P.J.S.C.)
10 May 2021	367	USD	237,5	Libor + 2.50%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C.) MUFG Bank Standard Chartered Bank	Mizuho Bank
	367	EUR	691,3	Euribor + 2.25%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C.) MUFG Bank Standard Chartered Bank	Mizuho Bank

Securitisation Loans Received

Beginning From	Due date	Currency	Amount (USDMillions)(*)	Loan Type
13 May 2011	15 June 2023	USD	346,5	Based on international remittance flows
4 May 2018	15 March 2023	USD/EUR	380(**)	Based on international remittance flows
5 October 2018	15 September 2028	USD	300	Based on international remittance flows / Based on treasury financing transactions
15 October 2019	15 December 2026	USD	417	Based on international remittance flows / Based on treasury financing transactions
22 March 2021	15 March 2027	USD	461,5	Based on international remittance flows / Based on treasury financing transactions
	15 March 2028	USD	200	Based on international remittance flows / Based on treasury financing transactions
	15 March 2026	USD	508	Based on international remittance flows / Based on treasury financing transactions
	15 March 2026	EUR	200	Based on international remittance flows
	15 September 2026	USD	154	Based on international remittance flows / Based on treasury financing transactions
	15 March 2026	EUR	50	Based on international remittance flows
15 March 2026	USD	115,4	Based on international remittance flows / Based on treasury financing transactions	

(\*) In the table, the relevant loan amounts are stated over each foreign currency amount.

(\*\*) In the table, the amounts in the relevant credit tranches are given in USD.

As of December 31, 2021, the total securitization balance is equivalent of USD 1,689 million and EUR 337 million. (December 31, 2020: USD 1,175 million and EUR 168 million).

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

*Information on securities issued*

On 5 February 2020, a new bond issuance amounting to USD 750 million with 5-year maturity, 5.25 percent coupon rate and 5.375 percent final return rate was realized. In the transaction, the largest bond issue in the history of the bank, US \$ 4.3 billion has been collected worldwide.

As of December 8, 2020 with 5 year maturity date, the yield and the coupon rate has been set at 6.625% and 6.5% respectively amounting to USD 750 Million which is the first Sustainable Eurobond issuance among deposit banks in Turkey.

The Bank completed its second Sustainable bond issuance on September 16, 2021, within its sustainable finance program. The transaction was made with an amount of USD 500 million, maturity of 5 years, coupon rate of 5.50 and final rate of return of 5.625 percent.

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
<b>Current Period - December 31, 2021</b>				
Nominal	6,124,552	5,180,500	870,290	49,466,408
Cost	5,922,474	5,180,500	869,722	49,272,954
Net Book Value	6,031,337	5,301,471	871,154	50,333,665

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
<b>Prior Period - December 31, 2020</b>				
Nominal	5,994,740	5,180,500	2,177,273	32,330,350
Cost	5,837,483	5,180,500	2,175,570	32,178,202
Net Book Value	5,960,553	5,301,603	2,188,163	32,704,204

4. Components of “other external resources payable” in the consolidated financials that comprise at least 20% of the account, if the account exceeds 10% of total liabilities and equity excluding off-balance sheet commitments.

Other external resources payable in the consolidated financials do not exceed 10% of total liabilities and equity.

5. Criteria used in the determination of lease instalments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

*Obligations under finance leases*

The amounts recognized under TFRS 16 as of December 31, 2021 and December 31, 2020 are presented below.

<b>Current Period – December 31, 2021</b>	<b>Service Buildings</b>	<b>Vehicles</b>	<b>Total</b>
Lease payables	1,436,078	60,517	1,496,595
Deferred rental expenses(-)	527,727	10,275	538,002
<b>Lease payables (Net)</b>	<b>908,351</b>	<b>50,242</b>	<b>958,593</b>
Right of use assets	817,913	47,750	865,663

<b>Prior Period - December 31, 2020</b>	<b>Service Buildings</b>	<b>Vehicles</b>	<b>Total</b>
Lease payables	1,326,014	23,835	1,349,849
Deferred rental expenses(-)	368,083	3,031	371,114
<b>Lease payables (Net)</b>	<b>957,931</b>	<b>20,804</b>	<b>978,735</b>
Right of use assets	880,554	19,267	899,821

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

Short term lease contracts with a duration of 12 months or less and lease contracts for ATMs that are determined to be of low value by the Bank have been evaluated within the scope of the exemption recognized by the standard, and payments for these contracts are recorded as expense in the period they occur. In this context, TL97, 072 of lease payments were made in the related period. (December 31, 2020: TL 81,040).

	Current Period - December 31, 2021		Prior Period-December 31, 2020	
	Gross	Net	Gross	Net
Under 1 year	50,901	46,361	24,659	23,607
1-4 Years	367,671	300,266	343,787	297,010
Over 4 years	1,078,023	611,966	981,403	658,118
<b>Total</b>	<b>1,496,595</b>	<b>958,593</b>	<b>1,349,849</b>	<b>978,735</b>

With the “TFRS 16 Leases” standard, effective as of January 1, 2019, the difference between operational lease and financial lease has been eliminated, and leasing transactions have started to be disclosed under the “liabilities from leasing transactions” line.

6. Information on derivative financial liabilities held for risk management purpose

*Negative differences related to the derivative financial liabilities held for risk management purpose*

None.

7. Information on provisions

*Information on employee rights*

According to the TAS-19- Judgments of benefits that are provided to employees, bank accounts and calculate provision to obligations of severance pay and allowance rights.

As of December 31, 2021, TL 998,880 (December 31, 2020: TL 794,007) provision for severance pay and TL 104,852 (December 31, 2020: TL 93,669) provision for unused vacation are stated in financial statements under employee rights provision.

Movement of severance pay provision in the period:

	Current Period - December 31, 2021	Prior Period - December 31, 2020
<b>Opening balance</b>	<b>794,007</b>	<b>608,319</b>
Current service cost	77,524	60,556
Previous service cost	377	37
Interest cost	97,427	70,181
Paid compensation	(40,527)	(39,516)
Payment/Reduction of benefits/Layoff accordingly composed loss/(gain)	2,055	103
Actuary loss/(gain)	65,121	93,439
Net foreign exchange differences from foreign subsidiaries	2,896	888
<b>Closing balance</b>	<b>998,880</b>	<b>794,007</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**CONSOLIDATED ACTIVITY REPORT AS OF DECEMBER 31, 2021**

**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**Information on pension rights**

The technical financial statements of the Fund are audited by an actuary registered in the actuarial registry in accordance with Article 21 of the Insurance Law No. 5684 registered to "Actuarial Regulation" issued pursuant to this article. Based on the actuarial report dated January 2022, neither technical nor actual deficit has been identified that requires provisioning.

	Current Period - December 31, 2021	Prior Period - December 31, 2021
<b>Transferable retirement and health liabilities</b>		
Net Present Value of Transferable Retirement Liabilities	(10,570,828)	(9,103,430)
Net Present Value of Transferable Retirement and Health Contributions	10,470,302	7,319,847
General Administration Expenses	(105,708)	(91,034)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(206,234)	(1,874,618)
Fair Value of Plan Assets (2)	7,215,596	6,577,453
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	7,009,362	4,702,835

Actuarial assumptions used in valuation of Non Transferable Benefits based on TAS 19 are as follows:

Discount Rates	Current Period - December 31, 2021	Previous Period - December 31, 2020
Benefits Transferable to SSI	%9.80	%9.80
Non Transferable Benefits	%2.50	%2.50

**Distribution of total assets of the Retirement Fund as of December 31, 2021 and December 31, 2020 is presented below:**

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Bank placements	4,183,613	2,462,572
Government Bonds and Treasury Bill, Fund and Accrual		
Interest Income	518,000	1,476,099
Tangible assets <sup>(*)</sup>	2,232,947	2,387,853
Other	281,036	250,929
<b>Total</b>	<b>7,215,596</b>	<b>6,577,453</b>

<sup>(\*)</sup> As of 31 December 2021, the value of the fixed assets are shown considering the fair value of the properties owned instead of the balance sheet value.

**Provision for currency exchange loss on foreign currency indexed loans**

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Provision for currency exchange loss on foreign currency indexed loans	8,963	7,594

**Provisions for non-cash loans that are not indemnified and not converted into cash**

As of December 31, 2021 the Parent Bank has recorded TL 44,305 (December 31, 2020: TL 43,756) as provisions for non-cash loans that are not indemnified or converted into cash.

**Information on provision for probable risks**

As of December 31, 2021, the free provision in the financial statements amounted to a total of TL 1,772,000, of which is constituted by TL 700,000 in the current period and TL 1,072,000 in the prior periods. (31 December 2020: TL 1,072,000)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

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**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**8. Taxation**

**Current Taxes**

As at and for the year ended December 31, 2021, the tax liability of the Group is amounting to TL 127,147 (December 31, 2020: TL 396,020).

**Information on taxes payable**

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Corporate taxes payable	127,147	396,020
Taxation on securities	372,700	283,597
Capital gains tax on property	5,763	1,561
Taxes on foreign exchange transactions	59,585	8,002
Banking and Insurance Transaction Tax (BITT)	359,635	201,314
Value added tax payable	31,105	11,758
Other	133,366	46,994
<b>Total</b>	<b>1,089,301</b>	<b>949,246</b>

**Information on premiums payable**

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Social security premiums- employee share	695	538
Social security premiums- employer share	642	597
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	32	23
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	3,153	1,476
Unemployment insurance- employer share	6,284	2,925
Other	260	-
<b>Total</b>	<b>11,066</b>	<b>5,559</b>

**Information on deferred tax liabilities**

Group's deferred tax debts as of December 31, 2021, TL 14,719 (December 31, 2020: TL 57,628).

**9. Information on payables for assets held for resale and tangible assets related to discounted activities**

None.

**10. Information on subordinated loans**

Total balance sheet value of the bonds is TL 28,968,427 as of December 31, 2021 (December 31, 2020: TL 19,458,798).

	Current Period- December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
<b>Debt instruments to be included in the additional capital calculation</b>	<b>5,145,230</b>	<b>11,018,134</b>	<b>5,144,984</b>	<b>6,627,849</b>
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,145,230	11,018,134	5,144,984	6,627,849
<b>Debt instruments to be included in the additional capital calculation</b>	<b>1,259,521</b>	<b>11,545,542</b>	<b>1,256,477</b>	<b>6,429,488</b>
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	1,259,521	11,545,542	1,256,477	6,429,488
<b>Total</b>	<b>6,404,751</b>	<b>22,563,676</b>	<b>6,401,461</b>	<b>13,057,337</b>

Detailed explanations on subordinated loans are given in the Section IV, "Information on Instruments to be Included in Equity Calculation".

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

11. Information on shareholders' equity

Paid-in capital

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Common stock	3,905,622	3,905,622
Preferred stock	-	-

Paid-in capital of the Parent Bank amounted to TL 3,905,622 is divided into groups comprised of 27.52% Group (A), 10.00 % Group (B), 10.35% Group (C) and 52.13% Group (D).

Board of Directors' members; three members representing Group (A), one member representing Group (B), and two members representing Group (C); among the nominees shown by the majority of each group, and one member among the nominees offered by the shareholders at the General Assembly are selected. Preference of Group (D) is primarily taken into account in the selection of the last mentioned member.

*Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the parent bank; if so the amount of registered share capital*

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	3,905,622	10,000,000

*Information on share capital increases and their sources; other information on any increase in capital shares during the current period*

There is no capital and capital share increase made in the current period.

In the prior period, the Bank increased its paid-in capital from TL 2,500,000 to TL 3,905,622, provided that it is within the registered capital ceiling, based on the decision taken at the Board of Directors meeting dated 11 May 2020. Accordingly, the amendment made in the related article of the Articles of Association was registered on 9 June 2020.

*Information on share capital increases from revaluation funds*

None.

*Capital commitments for current financial year and following period and the general purpose of these commitments and the estimated resources required for these commitments*

None.

Prior period indicators of the Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators

None.

*Information on the privileges given to stocks representing the capital*

None.

*Valuation differences of the marketable securities*

	Current Period December 31, 2021		Prior Period December 31, 2020	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	1,720,269	-	1,075,144	-
Financial assets at fair value through other comprehensive income	1,263,629	440,429	150,873	868,907
Foreign exchange differences	8,748	-	3,339	-
<b>Total</b>	<b>2,992,646</b>	<b>440,429</b>	<b>1,229,356</b>	<b>868,907</b>

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS

1. Disclosures related to off-balance sheet commitments

*Type and amount of consolidated irrevocable commitments*

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Commitments for credit card limits	30,687,962	21,320,698
Loan granting commitments	34,017,673	26,088,692
Commitments for cheque payments	7,029,711	5,723,932
Asset purchase sale commitments	13,030,758	11,842,849
Other	5,625,932	3,860,001
<b>Total</b>	<b>90,392,036</b>	<b>68,836,172</b>

*Type and amount of possible losses from off-balance sheet items*

*Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral*

The Parent Bank provided specific provision amounting to TL 507,691 (December 31, 2020: TL 473,440) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 44,305 (December 31, 2020: TL 43,756).

*Final guarantees, provisional guarantees, sureties and similar transactions*

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Provisional letters of guarantee	3,239,783	2,300,586
Final letters of guarantee	51,344,606	26,707,408
Letters of guarantee for advances	14,848,052	6,997,981
Letters of guarantee given to custom offices	2,542,604	2,335,826
Other letters of guarantee	62,104,990	37,082,026
<b>Total</b>	<b>134,080,035</b>	<b>75,423,827</b>

2. Non-cash loans

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Non-cash loans given for cash loan risks	44,781,413	23,475,004
<i>With original maturity of 1 year or less</i>	8,896,727	3,761,496
<i>With original maturity of more than 1 year</i>	35,884,686	19,713,508
Other non-cash loans	148,674,513	79,001,198
<b>Total</b>	<b>193,455,926</b>	<b>102,476,202</b>



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(Continued)

III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS (Continued)

3. Sectoral risk concentrations of non-cash loans

	Current Period - December 31, 2021				Prior Period - December 31, 2020			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>139,996</b>	<b>0.23</b>	<b>615,401</b>	<b>0.47</b>	<b>92,169</b>	<b>0.20</b>	<b>711,771</b>	<b>1.21</b>
Farming and Cattle	124,298	0.20	537,647	0.41	85,536	0.19	663,623	1.13
Forestry	12,157	0.02	-	-	4,980	0.01	-	-
Fishing	3,541	0.01	77,754	0.06	1,653	-	48,148	0.08
<b>Manufacturing</b>	<b>19,502,805</b>	<b>31.22</b>	<b>71,808,891</b>	<b>54.82</b>	<b>14,223,619</b>	<b>32.38</b>	<b>32,550,812</b>	<b>55.60</b>
Mining	436,029	0.70	1,021,326	0.78	943,206	2.15	377,971	0.65
Production	12,775,324	20.45	65,154,049	49.74	8,627,927	19.64	29,210,184	49.89
Electric, gas and water	6,291,452	10.07	5,633,516	4.30	4,652,486	10.59	2,962,657	5.06
<b>Construction</b>	<b>14,800,027</b>	<b>23.70</b>	<b>17,549,761</b>	<b>13.40</b>	<b>9,697,538</b>	<b>22.08</b>	<b>7,984,351</b>	<b>13.64</b>
<b>Services</b>	<b>26,382,572</b>	<b>42.25</b>	<b>33,902,378</b>	<b>25.88</b>	<b>18,167,717</b>	<b>41.36</b>	<b>15,093,405</b>	<b>25.78</b>
Wholesale and retail trade	11,533,354	18.48	13,427,929	10.25	7,509,189	17.10	8,560,076	14.62
Hotel, food and beverage Services	599,846	0.96	863,562	0.66	399,272	0.91	596,204	1.02
Transportation and telecommunication	5,179,687	8.29	16,557,952	12.64	3,508,135	7.99	3,935,582	6.72
Financial institutions	4,841,677	7.75	1,352,144	1.03	3,595,286	8.18	315,111	0.54
Real estate and renting Services	2,180,150	3.49	1,323,085	1.01	1,652,822	3.76	1,310,291	2.24
Self-employment services	1,721,447	2.76	315,385	0.24	1,179,304	2.68	369,557	0.63
Education services	124,387	0.20	49,930	0.04	67,596	0.15	1,012	-
Health and social services	202,024	0.32	12,391	0.01	256,113	0.59	5,572	0.01
<b>Other</b>	<b>1,632,327</b>	<b>2.60</b>	<b>7,121,768</b>	<b>5.43</b>	<b>1,747,901</b>	<b>3.98</b>	<b>2,206,919</b>	<b>3.77</b>
<b>Total</b>	<b>62,457,727</b>	<b>100.00</b>	<b>130,998,199</b>	<b>100.00</b>	<b>43,928,944</b>	<b>100.00</b>	<b>58,547,258</b>	<b>100.00</b>

4. Information on the first and second group of non-cash loans

Current Period - December 31, 2021	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	59,422,198	70,763,599	1,737,613	1,649,347
Confirmed bills of exchange and acceptances	4,258	9,575,050	-	-
Letters of credit	568,389	47,986,477	-	290,283
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	117,441	277,393	-	-
Other guarantees and sureties	360,411	195,776	-	-
<b>Non-Cash Loans</b>	<b>60,472,697</b>	<b>128,798,295</b>	<b>1,737,613</b>	<b>1,939,630</b>

Prior Period - December 31, 2020	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	41,833,843	30,916,493	1,323,090	895,488
Confirmed bills of exchange and acceptances	4,258	5,098,493	-	-
Letters of credit	253,982	20,506,928	-	155,028
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	1,000	474,188	-	-
Other guarantees and sureties	273,733	266,238	-	-
<b>Non-Cash Loans</b>	<b>42,366,816</b>	<b>57,262,340</b>	<b>1,323,090</b>	<b>1,050,516</b>

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS (Continued)

5. Information on derivative transactions

	Current Period - December 31, 2021	Prior Period - December 31, 2020
<b>Trading Derivatives</b>		
<b>Foreign Currency Related</b>		
<b>Derivative Transactions (I)</b>	<b>150,532,949</b>	<b>120,966,766</b>
Currency Forwards	14,493,825	3,073,644
Currency Swaps	128,757,449	116,344,721
Currency Futures	-	382,085
Currency Options	7,281,675	1,166,316
<b>Interest Rate Derivative Transactions (II)</b>	<b>127,590,653</b>	<b>79,926,312</b>
Interest Rate Forwards	-	-
Interest Rate Swaps	127,590,653	79,926,312
Interest Rate Options	-	-
Interest Rate Futures	-	-
<b>Other Trading Derivatives (III)</b>	<b>71,235,697</b>	<b>29,788,647</b>
<b>A. Total Trading Derivatives (I+II+III)</b>	<b>349,359,299</b>	<b>230,681,725</b>
<b>Hedging Derivatives</b>		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency	-	-
Investments	-	-
<b>B. Total Hedging Derivatives</b>	<b>-</b>	<b>-</b>
<b>Derivative Transactions (A+B)</b>	<b>349,359,299</b>	<b>230,681,725</b>

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS (Continued)

Current Period - December 31, 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Currency swaps:</b>						
Purchase	49,837,375	4,784,639	3,402,204	-	402,000	58,426,218
Sale	45,122,140	3,714,711	3,381,030	-	-	52,217,881
<b>Currency forwards:</b>						
Purchase	272,988	1,995,127	4,990,116	-	-	7,258,231
Sale	272,496	1,990,262	4,972,836	-	-	7,235,594
<b>Cross currency interest rate swaps:</b>						
Purchase	-	-	-	5,982,041	6,204,653	12,186,694
Sale	-	-	-	3,130,009	2,796,647	5,926,656
<b>Interest rate swaps:</b>						
Purchase	15,000	15,000	6,340,371	11,333,954	46,091,002	63,795,327
Sale	15,000	15,000	6,340,370	11,333,954	46,091,002	63,795,326
<b>Options:</b>						
Purchase	913,138	2,042,735	648,810	-	-	3,604,683
Sale	805,646	2,179,284	692,062	-	-	3,676,992
<b>Trading securities:</b>						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
<b>Futures:</b>						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
<b>Other trading derivatives:</b>						
Purchase	8,605,326	695,218	2,467,019	10,944,387	15,354,929	38,066,879
Sale	5,360,710	695,218	2,134,018	10,076,069	14,902,803	33,168,818
<b>Total purchases</b>	<b>59,643,827</b>	<b>9,532,719</b>	<b>17,848,520</b>	<b>28,260,382</b>	<b>68,052,584</b>	<b>183,338,032</b>
<b>Total sales</b>	<b>51,575,992</b>	<b>8,594,475</b>	<b>17,520,316</b>	<b>24,540,032</b>	<b>63,790,452</b>	<b>166,021,267</b>
<b>Total</b>	<b>111,219,819</b>	<b>18,127,194</b>	<b>35,368,836</b>	<b>52,800,414</b>	<b>131,843,036</b>	<b>349,359,299</b>

  

Prior Period - December 31, 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Currency swaps:</b>						
Purchase	26,476,028	11,801,238	6,715,770	-	223,500	45,216,536
Sale	29,727,665	11,491,289	6,926,215	-	-	48,145,169
<b>Currency forwards:</b>						
Purchase	50,100	301,063	1,178,211	17,153	-	1,546,527
Sale	50,014	300,610	1,159,418	17,075	-	1,527,117
<b>Cross currency interest rate swaps:</b>						
Purchase	-	-	7,579,285	1,639,000	3,278,760	12,497,045
Sale	-	-	6,817,007	1,177,650	2,491,314	10,485,971
<b>Interest rate swaps:</b>						
Purchase	65,000	95,000	5,272,432	4,363,072	30,167,652	39,963,156
Sale	65,000	95,000	5,272,432	4,363,072	30,167,652	39,963,156
<b>Options:</b>						
Purchase	442,822	93,412	38,000	-	-	574,234
Sale	461,568	97,208	33,306	-	-	592,082
<b>Trading securities:</b>						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
<b>Futures:</b>						
Purchase	-	-	186,250	-	-	186,250
Sale	-	-	195,835	-	-	195,835
<b>Other trading derivatives:</b>						
Purchase	2,614,950	563,977	2,045,191	4,085,486	7,884,604	17,194,208
Sale	4,386	563,977	1,789,764	3,139,412	7,096,900	12,594,439
<b>Total purchases</b>	<b>29,648,900</b>	<b>12,854,690</b>	<b>23,015,139</b>	<b>10,104,711</b>	<b>41,554,516</b>	<b>117,177,956</b>
<b>Total sales</b>	<b>30,308,633</b>	<b>12,548,084</b>	<b>22,193,977</b>	<b>8,697,209</b>	<b>39,755,866</b>	<b>113,503,769</b>
<b>Total</b>	<b>59,957,533</b>	<b>25,402,774</b>	<b>45,209,116</b>	<b>18,801,920</b>	<b>81,310,382</b>	<b>230,681,725</b>

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS (Continued)

6. Contingent assets and liabilities

Group allocates TL 43,729 as provision for lawsuits against the Group (December 31, 2020: TL 43,699).

7. Services rendered on behalf of third parties

The Parent Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts. The Parent Bank's custody services and banking transactions on behalf of individuals and corporate customers do not present a material portion.

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME

1. Interest income

Information on interest income received from loans

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Short-term loans	13,920,417	911,092	6,204,406	678,628
Medium and long-term loans	29,481,757	8,181,771	23,717,180	5,813,174
Non-performing loans	662,874	-	657,031	-
Premiums received from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>44,065,048</b>	<b>9,092,863</b>	<b>30,578,617</b>	<b>6,491,802</b>

Information on interest income received from banks

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Central Bank of Republic of Turkey	-	-	-	-
Domestic Banks	16,121	5,675	40,752	7,862
Foreign Banks	-	10,415	-	29,724
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>16,121</b>	<b>16,090</b>	<b>40,752</b>	<b>37,586</b>

Information on interest income received from marketable securities portfolio

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	23,531	217,454	24,860	90,514
Financial assets at fair value through other comprehensive income	6,861,009	2,454,280	3,345,422	1,062,058
Financial assets measured at amortised cost	8,260,089	1,010,249	5,209,672	682,258
<b>Total</b>	<b>15,144,629</b>	<b>3,681,983</b>	<b>8,579,954</b>	<b>1,834,830</b>

Information on interest income received from associates and subsidiaries

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Interest Received from Associates and Subsidiaries	4,332	-

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

2. Interest Expense

Interest expense on funds borrowed

	Current Period – December 31, 2021		Prior Period – December, 2020	
	TL	FC	TL	FC
<b>Banks</b>	<b>311,912</b>	<b>1,519,459</b>	<b>217,013</b>	<b>1,221,745</b>
Central Bank of Republic of Turkey	17,505	7,059	3,324	3,161
Domestic Banks	269,767	209,949	147,200	175,010
Foreign Banks	24,640	1,302,451	66,489	1,043,574
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>70,446</b>	<b>-</b>	<b>69,959</b>
<b>Total</b>	<b>311,912</b>	<b>1,589,905</b>	<b>217,013</b>	<b>1,291,704</b>

Interest expense paid to associates and subsidiaries

	Current Period – December 31, 2021	Prior Period – December 31, 2020
Interests paid to the associates and subsidiaries	18,641	48,691

Interest expense on securities issued

Interest paid to securities issued as at for the year ended December 31, 2021 is TL 6,256,561 (TL 2,730,791 and 3,525,770 FC). (December 31, 2020: TL 4,601,930 (TL 2,353,877 and 2,248,053 FC)).

Maturity structure of the interest expense on deposits

Current Period - December 31, 2021	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>TL</b>								
Interbank deposits	-	371,866	756,887	-	-	-	-	1,128,753
Saving deposits	762	1,578,025	9,318,284	406,703	174,710	206,367	745	11,685,596
Public sector deposits	36,343	905,346	1,162,027	101,172	58,270	10,175	-	2,273,333
Commercial deposits	2,009	4,180,252	5,293,222	213,160	113,171	40,389	-	9,842,203
Other deposits	56	344,756	2,587,379	484,868	281,539	164,856	-	3,863,454
Deposits with 7 days notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>39,170</b>	<b>7,380,245</b>	<b>19,117,799</b>	<b>1,205,903</b>	<b>627,690</b>	<b>421,787</b>	<b>745</b>	<b>28,793,339</b>
<b>FC</b>								
Foreign Currency deposits	21,574	304,807	1,460,101	88,281	69,654	109,804	-	2,054,221
Interbank deposits	4,552	50,563	102,912	-	-	-	-	158,027
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	24	-	7,364	1,034	-	8,422
<b>Total</b>	<b>26,126</b>	<b>355,370</b>	<b>1,563,037</b>	<b>88,281</b>	<b>77,018</b>	<b>110,838</b>	<b>-</b>	<b>2,220,670</b>
<b>Grand Total</b>	<b>65,296</b>	<b>7,735,615</b>	<b>20,680,836</b>	<b>1,294,184</b>	<b>704,708</b>	<b>532,625</b>	<b>745</b>	<b>31,014,009</b>

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

Maturity structure of the interest expense on deposits (Continued)

Prior Period - December 31, 2020	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>TL</b>								
Interbank deposits	-	358,213	220,177	-	-	-	-	578,390
Saving deposits	-	1,038,790	4,328,406	197,155	31,782	207,488	783	5,804,404
Public sector deposits	11,608	1,415,586	518,925	96,913	48,357	3,197	-	2,094,586
Commercial deposits	197	1,911,666	2,540,215	71,883	72,599	84,683	-	4,681,243
Other deposits	3	176,293	1,152,718	137,070	18,037	28,009	-	1,512,130
Deposits with 7 days notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11,808</b>	<b>4,900,548</b>	<b>8,760,441</b>	<b>503,021</b>	<b>170,775</b>	<b>323,377</b>	<b>783</b>	<b>14,670,753</b>
<b>FC</b>								
Foreign currency deposits	13,368	199,120	1,284,284	63,707	22,628	102,973	-	1,686,080
Interbank deposits	5,032	62,072	38,154	-	-	-	-	105,258
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	74	-	3,572	790	-	4,436
<b>Total</b>	<b>18,400</b>	<b>261,192</b>	<b>1,322,512</b>	<b>63,707</b>	<b>26,200</b>	<b>103,763</b>	<b>-</b>	<b>1,795,774</b>
<b>Grand Total</b>	<b>30,208</b>	<b>5,161,740</b>	<b>10,082,953</b>	<b>566,728</b>	<b>196,975</b>	<b>427,140</b>	<b>783</b>	<b>16,466,527</b>

3. Dividend Income

	Current Period – December 31, 2021	Prior Period – December 31, 2020
Financial assets at fair value through profit or loss	1,253	659
Financial assets at fair value through other comprehensive income	1,789	801
Investments in Associates	20,352	16,173
<b>Total</b>	<b>23,394</b>	<b>17,633</b>

4. Information on trading income/losses

	Current Period – December 31, 2021	Prior Period – December 31, 2020
<b>Income</b>	<b>87,769,285</b>	<b>57,052,753</b>
Income from capital market operations	21,178,963	21,945,171
Income from derivative financial instruments	39,365,112	23,304,031
Foreign exchange gains	27,225,210	11,803,551
<b>Losses</b>	<b>(92,023,400)</b>	<b>(59,389,585)</b>
Loss from capital market operations	(20,429,591)	(20,334,166)
Loss from derivative financial instruments	(46,311,653)	(24,856,691)
Foreign exchange loss	(25,282,156)	(14,198,728)
<b>Net trading profit/loss</b>	<b>(4,254,115)</b>	<b>(2,336,832)</b>

Net loss arising from changes in foreign exchange rates that relate to the Group's foreign exchange rate based derivative financial instruments is amounting to TL 5,651,017 as at and for the year ended December 31, 2021 (December 31, 2020: net loss of TL (1,684,998)).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS(Continued)

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

5. Information on other operating income

	Current Period – December 31, 2021	Prior Period – December 31, 2020
Income from reversal of the provisions for loans from prior periods(*)	6,829,661	4,495,139
Earned insurance premiums (net of reinsurance share)	-	268,629
Communication income	22,335	16,148
Gain on sale of assets	953,567	736,126
Income from private pension business	-	39,340
Rent income	108,093	99,219
Other income(*)	662,157	1,535,567
<b>Total</b>	<b>8,575,813</b>	<b>7,190,168</b>

(\*) In line with the Bank's write-off policy, a netting transaction amounting to TL 890,789 has been made in the item of reversing the provisions set aside in previous periods, dated December 31, 2020, and an explanation is given in the Classification Note of the Third Section.

6. Expected credit loss and other provision expenses

	Current Period – December 31, 2021	Prior Period – December 31, 2020
<b>Expected Credit Loss</b>	<b>11,941,319</b>	<b>11,617,157</b>
12 month expected credit loss (stage 1)	2,042,036	2,728,984
Significant increase in credit risk (stage 2)	6,344,219	4,369,396
Non-performing loans (stage 3)	3,555,064	4,518,777
<b>Marketable Securities Impairment Expense</b>	<b>9,530</b>	<b>14,739</b>
Financial Assets at Fair Value through Profit or Loss	1	3,005
Financial Assets at Fair Value Through Other Comprehensive Income	9,529	11,734
<b>Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease</b>	<b>16,899</b>	<b>7,183</b>
Investments in Associates	16,899	7,183
Subsidiaries	-	-
Joint Ventures	-	-
<b>Other(*)</b>	<b>700,000</b>	<b>266,511</b>
<b>Total</b>	<b>12,667,748</b>	<b>11,905,590</b>

(\*) Free provision balance calculated in 2021 is TL 700,000 (December 31, 2020 TL 220,000)

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

7. Information on other operating expenses

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Reserve for Employee Termination Benefits	138,008	95,741
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	4,791
Depreciation Expenses on Tangible Assets	481,757	473,160
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	47,115	37,396
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses on Assets to be Disposed	-	-
Impairment Losses on Assets Held for Sale	-	-
<b>Other Operating Expenses</b>	<b>3,207,911</b>	<b>2,918,913</b>
<i>Leasing expenses related to TFRS 16 exceptions</i>	<i>92,072</i>	<i>81,040</i>
<i>Repair and maintenance expenses</i>	<i>131,627</i>	<i>79,918</i>
<i>Advertisement expenses</i>	<i>291,463</i>	<i>175,359</i>
<i>Other expenses</i>	<i>2,692,749</i>	<i>2,582,596</i>
Loss on sale of assets	4,267	30,778
Other (**)	1,720,860	1,384,335
<b>Total</b>	<b>5,599,918</b>	<b>4,945,114</b>

(\*) Other operating expenses amounted TL 1,720,860 (31 December 2020: TL 1,384,335); Dividend provision expenses to be paid to staff amounted TL 375,840 (31 December 2020: TL 349,663), TL 371,021 (31 December 2020: TL 361,665) taxes, duties, fees and funds TL 515,735 (31 December 2020: TL 451,999) SDIF expenses and TL 458,264 (31 December 2020: TL 221,008) consists of other expenses.

(\*\*) In line with the Bank's write-off policy, a set-off transaction amounted to TL 890,789 has been made in the Other item dated 31 December 2020, and an explanation is also included in the Classification Note of the Third Section.

8. Information on income/loss from discontinued and continuing operations

Information and detailed tables on profit before tax from continuing operations are presented in disclosures 1-6 in this section. The Group has no discontinued operations.

9. Information on tax provision from discontinued and continuing operations

Information on provision for taxes on income from continuing operations is presented in disclosure 11 in this section. The Group has no discontinued operations.

10. Information on net profit/loss from discontinued and continuing operations

Information on net profit/loss from continuing operations is presented in disclosures 1-12 in this section. The Group has no discontinued operations.

11. Provision for taxes

*Current year taxation benefit or charge and deferred tax benefit or charge*

In the current period, the Group recorded a tax provision of TL 391,092 (December 31, 2020: TL 2,037,612) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

*Deferred tax charge arising from temporary differences, tax losses and unused tax credits*

As of December 31, 2021, the Parent Bank's deferred tax income from the occurrence/(Closing) of deductible temporary differences is TL 1,941,524 (December 31, 2020: TL 865,218), from the taxable temporary differences/(Occurrence)/Closing (2,837,582) TL (December 31, 2020: (404,389) TL ) has deferred tax expense.

12. Information on net profit and loss

*The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period*

Group has incurred TL 73,317,046 interest income and TL 52,991,621 interest expense, also incurred TL 4,255,818 amount of net fee and commission income from its ordinary banking operations (December 31, 2020: TL 48,002,021 interest income, TL 27,607,459 interest expense, TL 2,984,080 net fee and commission income).

*Any changes in estimations, that might have a material effect on current and subsequent period, is indicated*

None.

13. Income/loss related to non-controlling interest

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Income/(losses) related to non-controlling interest	169,840	69,927

14. Information related to the sub-accounts which constitute at least 20% of other items, in case of the components of other items in the income statement exceeding 10% of the group total

Other fees and commission income of the Group mainly consist of credit card fees and commissions, insurance commissions, research fees.

Other fees and commission expenses of the Group mainly consist of credit card fees and commissions, commission paid for funds borrowed from foreign banks.

15. Fees for services received from an independent audit firm

In accordance with the decision of the KGK dated March 26, 2021, the fees for the reporting period concerning the services acquired by the Bank from the independent auditor or independent audit firm are given in the table below, excluding VAT.

	Current Period December 31, 2021	Previous Period December 31, 2020
Independent audit fee for the reporting period	7,550,339	5,084,989
Fees for other assurance services	2,770,991	2,256,931
<b>Total</b>	<b>10,321,330</b>	<b>7,341,920</b>

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1. Information on increases that occur after revaluation of available-for-sale investments

Movement tables related to revaluation differences of available-for-sale investments where valuation differences arising from the fair value measurement of fair value through other comprehensive income, subsidiaries and affiliates are recorded are as follows:

Valuation Differences of Marketable Securities	Current Period – December 31, 2021	Prior Period – December 31, 2020
Valuation differences at the beginning of the year	897,478	879,787
Fair value changes in the current year	299,489	23,471
Valuation differences transferred to the statement of income	723,661	10,279
Effect of deferred and corporate taxes	(216,847)	(16,059)
<b>Valuation differences at the end of the year</b>	<b>1,703,781</b>	<b>897,478</b>

Valuation Difference of the Subsidiaries and Affiliates	Current Period – December 31, 2021	Prior Period – December 31, 2020
Valuation differences at the beginning of the year	865,452	671,619
Fair value changes in the current year	769,740	204,035
Valuation differences transferred to the statement of income	-	-
Effect of deferred and corporate taxes	8,030	(10,202)
<b>Valuation differences at the end of the year</b>	<b>1,643,222</b>	<b>865,452</b>

2. Information on increases in cash flow hedges

None.

3. Reconciliation of the beginning and end of the year balances of foreign exchange differences

None.

4. Information on correction differences of shareholders' equity accounts due to inflation

In compliance with BRSA's Circular on April 28, 2005 on ceasing the inflation accounting application, the balances resulted from the inflation accounting application as at December 31, 2004 and booked according to the Uniform Chart of Accounts and the related Articles, are transferred to the main accounts that were subject to the inflation accounting adjustments except for "capital reserves from inflation adjustments". The balance of "capital reserves from inflation adjustments" account is transferred to "other capital reserves" account. In 2006, the Bank has increased its paid in capital through "other capital reserves" by TL 605,763.

5. Information on profit distribution

At the 67th General Assembly Meeting of the Bank held on March 26, 2021, it was decided to distribute TL 5,010,456 of the distributable net period profit of 2021 totalling TL 501,046 to shareholders as legal reserves, TL 4,345,995 of it as extraordinary reserves, TL 163,415 as special funds.

6. Information on decreases of revaluation of available-for-sale investments

Revaluation differences of available-for-sale investments has resulted with increase in the current year. Detailed information about the increases is explained above in Note 1.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS

1. Disclosures for “other” items in statement of cash flows and effect of change in foreign currency rates cash and cash equivalents

“Other” item under the “operating profit before changes in operating assets and liabilities” amounting to TL (12,976,593) (December 31, 2020: TL (11,324,304)) is comprised of other operating expense in the balance sheet, fees and commission expense, and cash amount of trading profit/loss.

“Net increase/decrease in other liabilities” amounting to TL 54,426,009 (December 31, 2020: TL 77,814,754) under “changes in operating assets and liabilities” is mainly comprised of find based cash outflows from repurchase agreements.

“Other” balance under “net cash flow from investing activities” amounting to TL (50,842) (December 31, 2020: TL (79,574)) is comprised of purchases of intangible assets.

When calculating exchange rate effect on cash and cash equivalents, related assets’ high turnover rate are taken into consideration. Each exchange rate’s arithmetic average of the last five days before the report date and provision of average TL that is calculated from the difference from current period’s exchange rate are reflected as an effect of exchange rate change on the cash flow statement. Except for the above-mentioned, banks that have less than three months to maturity are accepted as cash equivalents and average TL provision is calculated by difference between related operation’s per term exchange rate and current period’s exchange rate. As of December 31, 2021 impact of the exchange rate change on cash and cash equivalents is TL 5,935,716 (December 31, 2020: TL 25,608).

2. Cash flows from acquisition of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

3. Cash flows from the disposal of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

4. Information on cash and cash equivalents

Information on cash and cash equivalents at the beginning of the year

	Prior Period December 31, 2020	Prior Period December 31, 2019
<b>Cash on hand</b>	<b>3,115,943</b>	<b>2,463,458</b>
Cash in TL	1,699,186	1,459,578
Cash in foreign currency	1,416,757	1,003,880
<b>Cash equivalents</b>	<b>52,480,104</b>	<b>28,629,003</b>
CBRT	88,034,872	33,262,426
Banks	3,092,180	7,187,797
Receivables from money markets	206,589	14,535
Other(*)	2,056,427	778,708
Loans and advances to banks having maturity of more than 3 months	(73,182)	(359,791)
Restricted cash and cash equivalents	(40,835,818)	(12,245,275)
Unrealized foreign exchange rate differences on cash equivalents	(964)	(9,397)
<b>Total</b>	<b>55,596,047</b>	<b>31,092,461</b>

(\*) As of 31 December 2020, TL 2,056,427 (31 December 2019: 778,620) and TL 1,849,161 (31 December 2019: 629,403) out of TL, 207,266 (31 December 2019: 149,305) that were classified under “Other” was cash in transit and precious metals, respectively.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS (Continued)

Information on cash and cash equivalents at the end of the year

	Current Period December 31, 2021	Prior Period December 31, 2020
<b>Cash on hand</b>	<b>3,971,399</b>	<b>3,115,943</b>
Cash in TL	1,953,701	1,699,186
Cash in foreign currency	2,017,698	1,416,757
<b>Cash equivalents</b>	<b>95,015,922</b>	<b>52,480,104</b>
CBRT	136,196,563	88,034,872
Banks	21,625,296	3,092,180
Receivables from money markets	6,917,899	206,589
Other	4,004,583	2,056,427
Loans and advances to banks having maturity of more than 3 months	(425,803)	(73,182)
Restricted cash and cash equivalents	(73,299,265)	(40,835,818)
Unrealized foreign exchange rate differences on cash equivalents	(3,351)	(964)
<b>Total</b>	<b>98,987,321</b>	<b>55,596,047</b>

(\*) As of 31 December 2021, TL 4,004,583 (31 December 2020: 2,056,427) and TL 3,164,283 (31 December 2020: 1,849,161) out of TL, 840,300 (31 December 2021: 207,266) that were classified under “Other” was cash in transit and precious metals, respectively

5. Management comment on restricted cash and cash equivalents due to legal requirements or other reasons taking materiality principle into account

Reserve requirements at CBRT amounting to TL 57,255,114 as at December 31, 2021 (December 31, 2020: TL 39,571,078) has not been included in cash and cash equivalents.

Foreign currency bank deposits amounting to TL 16,044,151 (December 31, 2020: TL 1,264,740) is blocked and has not been included in cash and cash equivalents due to securitization loans and other ordinary banking operations of the Parent Bank.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. INFORMATION AND DISCLOSURES RELATED TO THE PARENT BANK'S RISK GROUP

1. Information on the volume of transactions with the Parent Bank's risk group, lending and deposits outstanding at year end and income and expenses in the current year

*Information on loans and other receivables held by Parent Bank's risk group*

Current Period - December 31, 2021	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the year	33	412,813	-	32,511	63,311	64,767
Balance at the end of the year	50,676	78,364	-	8,344	228,644	22,489
Interest and commission income	4,332	228	-	-	5,337	43

Prior Period - December 31, 2020	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the year	117	358,819	-	29,783	334,910	57,317
Balance at the end of the year	33	412,813	-	32,511	63,311	64,767
Interest and commission income	-	252	-	-	19,611	43

*Information on deposits held by the Parent Bank's risk group*

	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the year	1,718,208	260,823	2,237,815	298,861	117,989	89,026
Balance at the end of the year	1,153,273	1,718,208	3,908,130	2,237,815	82,435	117,989
Interest on deposits	18,641	48,691	548,536	99,294	1,892	8,271

**Information on forwards, options and other derivative transactions held by the Parent Bank's risk group.**

None.

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DISCLOSURE AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. INFORMATION AND DISCLOSURES RELATED TO THE PARENT BANK'S RISK GROUP (Continued)

2. Disclosures of transactions with the Parent Bank's risk group

*Relations with entities in the risk group of / or controlled by the Parent Bank regardless of the nature of relationship among the parties*

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

*Information on Benefits Provided to Directors*

In the accounting period ending on December 31, 2021, a total amount of TL 62,714 was paid to the Group top management. (December 31, 2020:47,299 TL).

VIII. INFORMATION ON DOMESTIC, FOREIGN AND OFF-SHORE BRANCHES OR INVESTMENTS AND FOREIGN REPRESENTATIVE OFFICES OF THE PARENT BANK

*Domestic and foreign branches and representative offices*

	Number of Branches	Number of Employees	Country	Total	Capital
				Assets	
Domestic Branches <sup>(*)</sup>	936	16,888			
Foreign Representative Offices	-	-			
Foreign Branches	1	20	USA	5,460,786	221,100
	1	13	Iraq	1,335,545	670,000
	1	3	Qatar	4,039	-
Off-shore Branches	1	5	Bahrain	63,524,595	-

<sup>(\*)</sup>Free zone branches in Turkey are included to domestic branches.

*Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure*

During 2021, 4 new domestic branches (2020: 3 domestic branches) 1 foreign branches have been opened and 1 branches have been closed (2020: 10).

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SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE PARENT BANK'S ACTIVITY

As per the resolution of 67th Annual General Assembly held on March 26, 2021, the net profit of year 2020 has been decided to be distributed as follows:

Profit Distribution Table of Year 2020	
<b>Bank's unconsolidated profit in its statutory financial statements</b>	<b>5,010,456</b>
Deferred tax credits	-
<b>Net profit of the year subject to distribution</b>	<b>5,010,456</b>
Legal reserves	501,046
<i>First Legal Reserves</i>	250,523
<i>Reserves allocated according to banking law and articles of association.</i>	250,523
<b>Net profit of the year subject to distribution</b>	<b>4,509,410</b>
Gain on sale of immovable and shares of associates and subsidiaries	163,415
Extraordinary reserves	4,345,995
<b>Dividends to shareholders</b>	<b>-</b>

It is planned to transfer 654,718 TL of the amount of 900,871 TL, which was accounted in prior years' gains, into special fund within the scope of Article 5/1-e of the Corporate Tax Law numbered 5520 and 90,087 TL was to be allocated to legal reserves, and the remaining amount of 156,066 TL to Extraordinary Reserves.

II. INFORMATION ON THE PARENT BANK'S RATING GIVEN BY INTERNATIONAL CREDIT RATING INSTITUTIONS

December 2021*	Fitch Ratings
Long Term Foreign Currency	B+
Short Term Foreign Currency	B
Foreign Currency Outlook	Negative
Long Term Local Currency	BB-
Short Term Local Currency	B
Local Currency Outlook	Negative
National Long Term	AA (tur)
National Outlook	Stable
Government Support Rating Floor	b
Viability Note	b+
December 2020*	Moody's Investors Service
Baseline Credit Assessment	caa2
Local Currency Deposit Rating	B2/NP
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	B2/NP
Foreign Currency Outlook	Negative
June 2021*	JCR Eurasia
Long Term International FC	BB (Stable)
Short Term International FC	B (Stable)
Long Term International TL	BB
Short Term International TL	B
Long Term NSR	AAA (Stable)
Short Term NSR	A-1 + (Stable)
Support Note	1
Independancy from Shareholders	A

(\*) The dates indicate the last grade change dates.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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OTHER DISCLOSURES (Continued)

III. SIGNIFICANT EVENTS AND MATTERS SUBSEQUENT TO BALANCE SHEET DATE THAT ARE NOT RESULTED

Between July 2, 2021 and July 14, 2021, the Parent Bank has issued financial bonds in various maturities.

With the decision no. 95466 of the Board of Directors of the Bank, dated February 9, 2022 It has been decided to increase the issued capital of 3,905,622,489.96 TL (three billion nine hundred five million six hundred twenty-two thousand and four hundred eighty-nine Turkish Lira Ninety-six Kurus) consisting of shares with a nominal value of TL 0.01, in cash by the total nominal capital amount to be calculated according to the share sales price to be determined within the buying and purchasing framework of Borsa Istanbul A.Ş., by completely restricting the pre-emptive rights of the existing shareholders, in a way to obtain a total of 13.400.000.000,00 TL (thirteen billion four hundred Turkish Liras) sales revenue paid and it has been decided that all of the shares to be issued due to the capital increase will be sold to the Turkey Wealth Fund with the allocated sales method.

IV. IV. CURRENCY CHANGES THAT AFFECT THE ASSESSMENTS AND DECISIONS ON THE FINANCIAL STATEMENTS BY THE USERS OF THE FINANCIAL STATEMENTS THAT APPEAR AFTER THE REPORTING DATE ON FOREIGN CURRENCY TRANSACTIONS AND FINANCIAL STATEMENTS AND THE EFFECT OF THE BANK'S FOREIGN OPERATIONS IF NOT DISCLOSED

None.

SECTION SEVEN

INDEPENDENT AUDITORS' REVIEW REPORT

I. INFORMATION ON INDEPENDENT AUDITORS' REVIEW REPORT

The Group's consolidated financial statements and footnotes as at and for the year ended December 31, 2021 have been audited by Güneş Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). It was noted in their audited report dated February 14, 2021 that nothing material has come to their attention that caused them to believe that the accompanying consolidated financial statements do not give a true and fair view of the Group's financial position and results of its operations.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.